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STATE OF HAWAII

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

RUSSEL S. NAGATA, COMPTROLLER
STATE OF HAWAII

STATE OF HAWAII
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

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PART I: INTRODUCTION SECTION

STATE OF HAWAII

Principal Officials
for Finance-Related Functions

Governor	John Waihee
Director of Finance	Yukio Takemoto
Director of Taxation	Richard F. Kahle, Jr.
Director of Planning and Economic Development	Roger A. Ulveling
Comptroller	Russel S. Nagata

Notes:

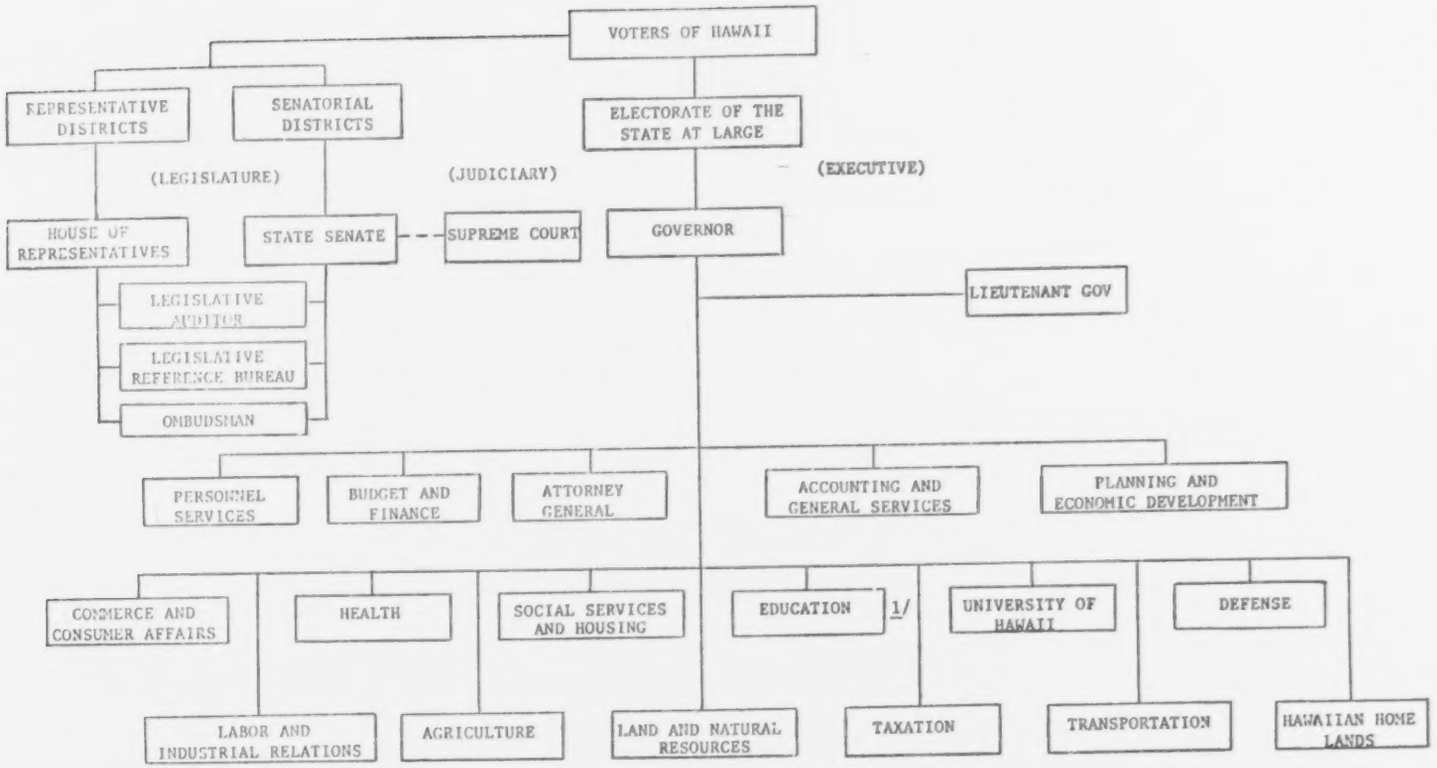
The Director of Finance is also department head of the Department of Budget and Finance.

The Comptroller is also department head of the Department of Accounting and General Services.

An organization chart including these and other departments and agencies of the State of Hawaii government is presented on the following page.

STATE OF HAWAII

ORGANIZATION CHART



NOTE: DOTTED LINE BETWEEN THE STATE SENATE AND THE SUPREME COURT REPRESENTS THE SENATE'S CONFIRMATION POWER OF THE GOVERNOR'S APPOINTMENT OF JUSTICES OF THE SUPREME COURT.

1/ BOARD OF EDUCATION ELECTED.

JOHN WAIHEE
GOVERNOR

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P. O. BOX 119
HONOLULU, HAWAII 96810-0119

RUSSEL S. NAGATA
COMPTROLLER

KEN KIYABU
DEPUTY COMPTROLLER

December 21, 1987

To the Honorable Governor of the State of Hawaii
To the Honorable Members of the Fourteenth State
Legislature of the State of Hawaii

In accordance with the provisions of Section 40-5 of the Hawaii Revised Statutes, it is my privilege to present to you the Comprehensive Annual Financial Report of the State of Hawaii (State) for the fiscal year ended June 30, 1987. This report has been prepared by the State's Department of Accounting and General Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the State. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds and account groups; and that all the information necessary to enable the reader to gain the maximum understanding of the State's financial affairs has been included.

Accounting System and Budgetary Control

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects, Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations during the fiscal year or liquidate liabilities at the end of the fiscal year. Certain self-assessed taxes which consist of general excise, income, liquor and public service company taxes are recognized as receivables and deferred revenues when the tax returns are filed. The deferred revenues are recognized as revenues when payments are received. Revenues which are not considered susceptible to accrual and therefore are not accrued include fines, forfeitures and penalties, licenses, permits and franchises. Expenditures are recorded on the accrual basis of accounting when the related fund liability is incurred except for (1) interest on long-term obligations, which is recognized when payment is due, and (2) loans to foster economic growth and development, agriculture, and for housing for native Hawaiians, which are charged to expenditures when issued and repayments of which are recorded as revenues when received.

In developing and modifying the State's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the State's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

By statutory provision, the State prepares a biennium budget for State programs. Budgeted expenditures are derived primarily from the General Appropriations Act of 1985, as amended, and from other authorizations contained in the Hawaii Constitution, the Hawaii Revised Statutes and other specific appropriation acts in various Session Laws of Hawaii. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated periodically during the year.

An allotment system and encumbrance accounting are utilized by the State for budgetary control purposes. Obligations in the form of purchase orders or contracts are recorded as encumbrances at the time purchase orders or contracts are awarded and executed. Open encumbrances are reported as reservations of fund balances at June 30, 1987. To the extent not expended or encumbered, General Fund and Special Revenue Funds appropriations subject to budgetary control generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

The Reporting Entity and Its Services

This report includes the various funds and account groups comprising the State of Hawaii, including all entities that are controlled by or dependent on the State. The Employees' Retirement System of the State of Hawaii, which is administered on behalf of public employees for both the State and county governments, is not included in the State's general purpose financial statements since its assets are not available to the State.

With Hawaii's highly centralized State government, the State provides a full range of services as mandated by statute. These services include, but are not limited to, education (lower and higher), welfare, transportation (highways, airports and harbors), health, hospitals, public safety, housing, culture and recreation, economic development and conservation of natural resources.

General Governmental Functions

Revenues for general governmental functions (excluding capital projects) totaled $2,352.9 million in fiscal 1987, representing an increase of 14.8% over fiscal 1986. The revenue from various major revenue sources and the increase over or decrease from the previous fiscal year are presented in the following tabulation (expressed in millions):

Source	Fiscal 1987	Percent Of Total	Increase Over (Decrease From) Fiscal 1986 Amount	Percent
Taxes	$ 1,777.9	75.6%	$ 301.4	20.4 %
Intergovernmental revenues	324.7	13.8	9.6	3.0
Charges for current services	104.8	4.5	6.4	6.5
Interest and investment income	52.6	2.2	(7.2)	(12.0)
Other revenues	92.9	3.9	(7.4)	(7.4)
Total	$ 2,352.9	100.0%	$ 302.8	14.8 %

The increase of $301.4 million in tax revenues from $1,476.5 million in fiscal 1986 to $1,777.9 million in fiscal 1987 was primarily comprised of general excise taxes (which increased $70.8 million), income taxes (which increased $97.4 million), liquor taxes (which increased $100.4 million which includes $95.6 million of previously protested liquor tax payments recognized as revenues in fiscal 1987) and transient accommodations taxes of $23.5 million (which was levied pursuant to Act 340, Session Laws of Hawaii in 1986, effective January 1, 1987). Intergovernmental revenues increased $9.6 million from $315.1 million in fiscal 1986 to $324.7 million in fiscal 1987. Charges for current services increased $6.4 million from $98.4 million in fiscal 1986 to $104.8 million in fiscal 1987. Interest and investment income decreased from $59.8 million in fiscal 1986 to $52.6 million in fiscal 1987, a decrease of $7.2 million in fiscal 1987. Other revenues decreased from $100.3 million in fiscal 1986 to $92.9 million in fiscal 1987, a decrease of $7.4 million in fiscal 1987.

For further information on long-range trends in tax and non-tax revenues for general governmental functions, Part III contains a tabulation covering the last ten fiscal years (Schedule K-1).

Expenditures for general governmental functions totaled $2,011.8 million in fiscal 1987, representing an increase of 5.8% from fiscal 1986. The expenditures by function and the change from the previous fiscal year are presented in the following tabulation (expressed in millions):

Function	Fiscal 1987	Percent Of Total	Increase Over (Decrease From) Fiscal 1986 Amount	Percent
General government	$ 185.7	9.2%	$ 9.6	5.5 %
Public safety	137.5	6.8	17.4	14.5
Highways	117.7	5.9	(1.6)	(1.3)
Conservation of natural resources	23.6	1.2	(5.0)	(17.5)
Health	118.5	5.9	9.4	8.6
Welfare	341.3	17.0	19.5	6.1
Education	553.6	27.5	48.7	9.6
Culture and recreation	41.6	2.0	2.6	6.7
Urban redevelopment and housing	13.7	.7	2.5	22.3
Economic development and assistance	69.3	3.4	12.6	22.2
Intergovernmental expenditures	31.4	1.6	13.2	72.5
Social security and pension contributions	108.0	5.4	(34.1)	(24.0)
Debt service	251.6	12.5	17.4	7.4
All others	18.3	.9	(1.3)	(6.6)
Total	$ 2,011.8	100.0%	$ 110.9	5.8 %

For further information on long-range trends in the expenditures for general governmental functions, Part III contains a tabulation covering the last ten fiscal years (Schedule K-2).

The operations of the State's General Fund for fiscal 1987 resulted in an unreserved-undesignated fund balance of $339.1 million at June 30, 1987, compared with $137.0 million at June 30, 1986. The details of this change are included in the "Statement of Revenues, Expenditures and Changes in Unreserved-Undesignated Fund Balance - General Fund" in Part II.

Debt Administration

The amount of general obligation bonded debt per capita is a useful indicator of the State's debt position to its citizens. The amount at June 30, 1987 was $1,620; a schedule of such information for the last ten fiscal years is presented in Part III of this report. The following table presents certain data regarding the general obligation bonds issued in fiscal 1987:

Date Of Issue	Series	Interest Rate	Maturity Date	Amount
August 1, 1986	BF	6.9 - 7.1%	August 1, 1989/2006	$ 80,000,000
November 1, 1986	BG	6.0 - 6.8	November 1, 1991/2003	252,090,000
March 1, 1987	BH	5.4 - 6.0	March 1, 1990/2007	80,000,000
March 1, 1987	BI	5.4 - 6.0	March 1, 1992/2004	121,610,000

The general obligation bonds issued in fiscal 1987 were within the constitutional limitation established by the Constitutional Convention of 1978. The State Director of Finance's certification relative to the limitation is reproduced in Part III of this report. Series BG, General Obligation Refunding Bonds of 1986, extinguished Series AU, dated October 1, 1982 for $50.0 million, Series AW, dated June 1, 1983 for $50.0 million, Series AY, dated April 1, 1984 for $54.2 million and Series AZ, dated October 1, 1984 for $58.3 million. Series BI, General Obligation Refunding Bonds of 1987, extinguished Series AV, dated March 1, 1983 for $50.0 million, and Series AX, dated October 1, 1983 for $54.2 million. The objective of the State in effecting the extinguishment of the bonds was to reduce debt service payable by the State on its general obligation bonds.

The State's general obligation bonds have been rated Aa by Moody's Investors Service and AA by Standard and Poor's for a number of years.

The Hawaii Housing Authority issued $52.4 million of Single Family Mortgage Purchase Revenue Bonds, 1986 Series B, in November 1986. The Harbors Division issued $22.5 million of Harbors Capital Improvement Revenue Bonds, Series of 1986, in October 1986. Information on the revenue bonds, for the last three fiscal years, is presented in the schedules contained in Part III of this report.

Cash Management

During fiscal 1987, the State earned $40.8 million for the General Fund by investing its temporary cash surpluses, a decrease of $7.7 million from the amount earned in the previous fiscal year. The fiscal 1987 earnings represent an average investment yield of 5.53%, down from the 7.27% of the previous fiscal year.

Capital Projects Fund

Proceeds of general obligation bonds issued are primarily accounted for in the Capital Projects Fund, which amounted to $160.9 million in fiscal 1987.

In accordance with the lapsing provisions of the various appropriations acts and laws relating to lapsing, capital improvement projects appropriations lapsed during fiscal 1987 in the amount of $1.4 million. Authorized but unissued general obligation bonds totaled $275.8 million at June 30, 1987.

Enterprise Funds

The Enterprise Funds are comprised of the State's Airports, Harbors, Hawaii Housing Authority and State Hospitals operations.

The retained earnings of Airports increased from $196.0 million in fiscal 1986 to $233.5 million in fiscal 1987. Operating revenues increased from $105.7 million in fiscal 1986 to $117.3 million in fiscal 1987, and operating and depreciation expenses also increased from $64.9 million to $71.6 million between the respective periods. Outstanding bonds, net of the current portion, at June 30, 1987 totaled $415.8 million, a decrease from $434.6 million at June 30, 1986.

The retained earnings of Harbors increased from $76.7 million in fiscal 1986 to $83.4 million in fiscal 1987. Operating revenues increased from $23.0 million in fiscal 1986 to $26.5 million in fiscal 1987, and operating and depreciation expenses also increased from $16.3 million to $17.3 million between the respective periods. Outstanding bonds, net of the current portion, at June 30, 1987 totaled $104.3 million, an increase from $86.2 million at June 30, 1986.

The deficit of the Hawaii Housing Authority decreased $7.1 million in fiscal 1986 to $0.2 million in fiscal 1987. In fiscal 1987, operating revenues totaled $73.4 million and operating expenses including depreciation totaled $89.1 million. Contributions by the U. S. Department of Housing and Urban Development and subsidies from other funds totaled $18.7 million in fiscal 1987, and outstanding revenue bonds totaled $410.4 million at June 30, 1987.

The combined fund balances of the thirteen State Hospitals increased from $86.9 million in fiscal 1986 to $92.7 million in fiscal 1987. Combined operating revenues increased from $79.6 million in fiscal 1986 to $85.4 million in fiscal 1987, and combined operating expenses including depreciation also increased from $90.4 million to $93.0 million between the respective periods. Nonoperating revenues (expenses) and other financing sources, consisting primarily of subsidies from other funds, totaled $13.4 million in fiscal 1987.

University Funds

The combined fund balances of the University Funds increased from $586.6 million in fiscal 1986 to $622.9 million in fiscal 1987. In fiscal 1987, combined revenues and other additions totaled $165.1 million, and combined expenses and other deductions totaled $361.8 million. These represent decreases and increases from fiscal 1986 of $192.6 million and $343.2 million, respectively. Combined subsidies from other funds totaled $233.0 million in fiscal 1987, an increase from $187.5 million in fiscal 1986. Outstanding bonds totaled $34.6 million at June 30, 1987 and $35.3 million at June 30, 1986.

General Fixed Assets

The general fixed assets of the State are those used in the performance of general governmental functions. They exclude the fixed assets of the Enterprise Funds and University Funds. As of June 30, 1987, the general fixed assets amounted to $1,657,433,804, based on information from the State's inventory records. Depreciation on general fixed assets is not recorded in the State's records.

Employees Union Contracts

The State Constitution grants public employees in Hawaii the right to organize for the purpose of collective bargaining. Each of the twelve recognized bargaining units, of which State employees are members, designates an employee organization as its exclusive representative in negotiations with the employer. All bargaining units have contractual agreements effective through June 30, 1989.

Independent Audit

Although State statutes do not require an annual audit of all fund types and account groups of the State, the State engaged a firm of independent certified public accountants to examine the State's general purpose financial statements for the fiscal year ended June 30, 1987. The Report of the Independent Certified Public Accountants has been included in Part II of this report.

Future Prospects

As of September 1987, the State's Council on Revenues has estimated General Fund tax revenues from all sources for fiscal 1988 to increase 4.6% from the actual General Fund tax revenues for fiscal 1987. Also, the General Fund Financial Plan prepared by the State Department of Budget and Finance projected for fiscal 1988 total resources of $1,859.9 million, total obligations of $1,842.4 million and an unreserved-undesignated General Fund balance of $356.6 million at June 30, 1988.

More detailed information immediately follows this transmittal letter:

Part II - The financial statements and notes relating to the State's various funds and account groups.

Part III - Statistical and other schedules.

It is my sincere hope that this report will serve as a helpful source of information for anyone having an interest in the financial operations of our State.

Respectfully submitted,

RUSSEL S. NAGATA
Comptroller, State of Hawaii

PART II: FINANCIAL SECTION

KPMG Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.
P.O. Box 4150
Honolulu, HI 96812-4150

Comptroller
State of Hawaii
Honolulu, Hawaii

We have examined the general purpose financial statements of the State of Hawaii as of and for the fiscal year ended June 30, 1987 as listed in the accompanying table of contents under Part II: Financial Section. Except as stated in the following paragraph, our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the Enterprise Funds, comprised of the Department of Transportation - Airports and Harbors Divisions, the Hawaii Housing Authority, and the State Hospitals and University Funds. These statements were examined by other auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for the Enterprise Funds and the University Funds, is based solely upon the reports of the other auditors.

Due to lack of centralized detailed historical fixed asset accounting records, it was not practicable to extend our auditing procedures to satisfy ourselves as to the General Fixed Assets Account Group balances totaling $1,657,433,804. Accordingly, we do not express an opinion on the financial statements of the General Fixed Assets Account Group which are included within the aforementioned general purpose financial statements. As more fully described in note 3 to the general purpose financial statements, certain land and buildings have been recorded in the balance sheet of the General Fixed Assets Account Group at valuation amounts. Generally accepted accounting principles require such assets be recorded at cost or estimated cost. The effect of reflecting such land and buildings in accordance with generally accepted accounting principles has not been determined. In addition, certain disclosures for the General Fixed Assets Account Group prescribed under generally accepted accounting principles with respect to construction-in-progress additions and deductions during 1987 have been omitted as such information is not available.

In our opinion, based upon our examination and reports of other auditors, and except that, as explained in the preceding paragraph, we do not express an opinion on the financial statements of the General Fixed Assets Account Group, the general purpose financial statements referred to above present fairly the financial position of the State of Hawaii at June 30, 1987 and the results of its operations and changes in financial position of its Enterprise Funds for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements described above, taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Hawaii. The information contained therein has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, based upon our examination and reports of other auditors and except for the schedules of general fixed assets and changes in general fixed assets, on which we express no opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Peat Marwick Main & Co.

Honolulu, Hawaii
December 21, 1987

STATE OF HAWAII

EXHIBIT A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1987

ASSETS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
CASH AND SHORT-TERM CASH INVESTMENTS	$ 389,220,470	$ 197,461,043	$ 10,423,689	$ 60,802,008
RECEIVABLES				
Taxes (note 5)	24,037,479	-	-	-
Accounts and accrued interest, net (note 5)	-	3,101	-	-
Notes and loans, net (note 5)	5,765,863	59,283,305	-	-
Claims - Federal grants	-	-	-	-
U. S. Department of Housing and Urban Development (HUD) (note 12)	-	-	-	-
Other	123,500	-	-	-
DUE FROM OTHER FUNDS (note 16)	96,012,057	643,502	172,346	-
INVESTMENTS (note 6)	-	3,831,863	-	111,289,388
ADVANCES TO OTHER FUNDS (note 16)	13,532,133	-	-	-
INVENTORY OF MATERIALS AND SUPPLIES	-	-	-	-
PREPAID EXPENSES	-	-	-	-
OTHER ASSETS				
Assets held by agents for State Deferred Compensation Plan (note 19)	-	-	-	-
Dwelling unit inventory (note 12)	-	-	-	-
Land held for future development	-	-	-	-
Restricted assets (notes 7 and 12)	-	-	-	-
Property, plant and equipment (notes 8, 10 and 12)	-	-	-	-
Unamortized bond and note issue costs	-	-	-	-
Loans for issued general obligation bonds (note 9)	-	-	246,984,838	-
Amount available in Debt Service Funds	-	-	-	-
Resources to be provided in future years for retirement of general long-term obligations	-	-	-	-
Other	-	25,152	-	-
TOTAL ASSETS	$ 528,691,502	$ 261,247,966	$ 257,580,873	$ 172,091,396

The accompanying notes are an integral part of the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Total (Memorandum Only)
Enterprise	Trust and Agency	General Fixed Assets (Unaudited)(note 3)	General Long-Term Obligations	University	
$ 182,908,326	$ 366,210,868	$ -	$ -	$ 44,978,817	$ 1,252,005,221
584,429	-	-	-	-	24,621,908
57,228,647	-	-	-	6,010,345	63,242,093
294,617,720	-	-	-	13,932,188	373,599,076
3,603,114	-	-	-	7,996,073	11,599,187
15,223,120	-	-	-	-	15,223,120
2,605,135	-	-	-	531,692	3,260,327
247,456	-	-	-	14,832,244	111,907,605
5,299,604	54,828,230	-	-	18,493,652	193,742,737
-	-	-	-	-	13,532,133
2,859,938	-	-	-	5,779,189	8,639,127
1,400,284	-	-	-	406,705	1,806,989
-	57,080,717	-	-	-	57,080,717
3,574,291	-	-	-	-	3,574,291
25,842,745	-	-	-	-	25,842,745
386,313,499	-	-	-	-	386,313,499
994,601,823	-	1,657,433,804	-	590,537,113	3,242,572,740
12,959,505	-	-	-	-	12,959,505
-	-	-	-	-	246,984,838
-	-	-	170,137,578	-	170,137,578
-	-	-	1,664,031,286	-	1,664,031,286
4,975,052	-	-	-	-	5,000,204
$ 1,994,844,688	$ 478,119,815	$ 1,657,433,804	$ 1,834,168,864	$ 703,498,018	$ 7,887,676,926

STATE OF HAWAII

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
JUNE 30, 1987

LIABILITIES AND FUND EQUITY	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES				
Vouchers and contracts payable	$ 20,032,015	$ 6,814,769	$ -	$ 5,211,570
Other accrued liabilities	-	-	-	-
Prepaid airport use charge (note 17)	-	-	-	-
Claims and judgments payable (note 14)	-	-	-	-
Due to employees under State Deferred Compensation Plan (note 19)	-	-	-	-
Due to individuals, businesses and counties	-	-	-	-
Due to other funds (note 16)	12,795,084	350,000	-	1,897,456
Advances from other funds (note 16)	-	357,094	-	-
Advances from HUD and others	-	-	-	-
Payable from restricted assets:				
Contracts payable, accrued interest and other (note 10)	-	-	-	-
Matured revenue bonds and interest coupons payable	-	-	-	-
General obligation bonds payable (note 11)	-	-	-	-
Revenue bonds (note 12)	-	-	-	-
Due to other funds (note 16)	-	-	-	-
Matured bonds and interest payable	-	-	10,423,289	-
Notes, loans and installment contracts payable (notes 10 and 14)	-	-	-	-
Deferred revenue	24,037,479	-	-	-
Accrued vacation payable (note 14)	-	-	-	-
Security deposits	-	-	-	-
Liabilities collateralized by HUD annual contributions (note 12)	-	-	-	-
Revenue bonds payable (note 12)	-	-	-	-
General obligation bonds payable (notes 11 and 14)	-	-	-	-
Other	-	-	400	-
Total liabilities	56,864,578	7,521,863	10,423,689	7,109,026
FUND EQUITY (note 13)				
Investment in fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings - reserved	-	-	-	-
Retained earnings - unreserved	-	-	-	-
Fund balances (deficit):				
Federal grants refundable	-	-	-	-
Reserved for continuing appropriations	89,832,319	42,155,731	172,346	157,133,270
Reserved for receivables and advances	19,421,496	59,286,406	-	-
Reserved for investments	-	3,831,863	-	-
Reserved for Federal aid highway projects encumbrances	-	-	-	31,974,021
Reserved for unemployment compensation and others	-	25,152	-	-
Reserved for bond redemption	-	-	169,965,231	-
Reserved for loans to Enterprise and University Funds	-	-	77,019,607	-
Unreserved:				
Designated for future expenditures	23,476,792	30,437,625	-	-
Undesignated	339,096,317	117,989,326	-	(24,124,921)
Total fund equity	471,826,924	253,726,103	247,157,184	164,982,370
Commitments and contingencies (notes 17 and 19)				
TOTAL LIABILITIES AND FUND EQUITY	$ 528,691,502	$ 261,247,966	$ 257,580,873	$ 172,091,396

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Total (Memorandum Only)
Enterprise	Trust and Agency	General Fixed Assets (Unaudited)(note 3)	General Long-Term Obligations	University	
$ 10,719,887	$ 19,912,164	$ -	$ -	$ 8,179,934	$ 70,870,339
78,724,673	-	-	-	18,659,500	97,384,173
13,918,082	-	-	-	-	13,918,082
-	-	-	13,300,000	-	13,300,000
-	57,080,717	-	-	-	57,080,717
-	59,389,431	-	-	-	59,389,431
15,000	96,265,904	-	-	559,506	111,882,950
13,175,039	-	-	-	-	13,532,133
7,936,518	-	-	-	4,148,585	12,085,103
29,673,397	-	-	-	-	29,673,397
215,250	-	-	-	-	215,250
2,107,557	-	-	-	-	2,107,557
51,702,498	-	-	-	-	51,702,498
24,655	-	-	-	-	24,655
-	-	-	-	-	10,423,289
501,074	-	-	8,798,566	2,706,450	12,006,090
-	-	-	-	5,761,520	29,798,999
-	-	-	65,412,825	-	65,412,825
2,753,195	-	-	-	-	2,753,195
115,884,228	-	-	-	-	115,884,228
863,197,520	-	-	-	7,476,000	870,673,520
47,814,823	-	-	1,746,657,473	27,097,227	1,821,569,523
2,952,783	6,437,870	-	-	5,960,045	15,351,098
1,241,316,179	239,086,086	-	1,834,168,864	80,548,767	3,477,039,052
-	-	1,657,433,804	-	560,029,170	2,217,462,974
344,159,306	-	-	-	-	344,159,306
66,472,919	-	-	-	-	66,472,919
342,896,284	-	-	-	-	342,896,284
-	-	-	-	9,734,865	9,734,865
-	-	-	-	-	289,293,666
-	-	-	-	-	78,707,902
-	-	-	-	-	3,831,863
-	-	-	-	-	31,974,021
-	239,033,729	-	-	30,765,676	269,824,557
-	-	-	-	-	169,965,231
-	-	-	-	-	77,019,607
-	-	-	-	-	53,914,417
-	-	-	-	22,419,540	455,380,262
753,528,509	239,033,729	1,657,433,804	-	622,949,251	4,410,637,874
$ 1,994,844,688	$ 478,119,815	$ 1,657,433,804	$ 1,834,168,864	$ 703,498,018	$ 7,887,676,926

STATE OF HAWAII

EXHIBIT A-2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT) - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
REVENUES						
Taxes	$ 1,705,860,407	$ 72,059,480	$ -	$ -	$ 76,055,779	$ 1,853,975,666
Interest and investment income	42,491,845	10,151,287	-	-	20,216,633	72,859,765
Charges for current services	59,095,859	45,751,386	-	-	508,800	105,356,045
Intergovernmental	10,974,015	313,707,609	-	-	3,857,138	328,538,762
Rentals	4,605,479	5,731,565	-	-	-	10,337,044
Fines, forfeitures and penalties	11,520,538	1,352,020	-	-	-	12,872,558
Licenses and fees	3,031,927	433,796	-	-	-	3,465,723
Donations, contributions and deposits	-	-	-	-	9,428,845	9,428,845
Contribution from agencies participating in debt service requirements	-	-	39,462,281	-	-	39,462,281
Revenues from private sources	2,375,695	212,465	-	-	-	2,588,160
Other	10,356,422	13,768,417	-	-	104,602	24,229,441
Total revenues	1,850,312,187	463,168,025	39,462,281	-	110,171,797	2,463,114,290
OTHER FINANCING SOURCES						
Proceeds from general obligation and refunding bonds	-	-	373,700,000	160,944,711	-	534,644,711
Operating transfers in from other funds	39,462,281	1,635,488	251,236,668	38,541,453	-	330,875,890
Total other financing sources	39,462,281	1,635,488	624,936,668	199,486,164	-	865,520,601
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 1,889,774,468	$ 464,803,513	$ 664,398,949	$ 199,486,164	$ 110,171,797	$ 3,328,634,891

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT) -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
EXPENDITURES						
Current:						
General government	$ 162,043,788	$ 7,503,015	$ -	$ -	$ -	$ 169,546,803
Public safety	75,020,577	26,959,288	-	-	-	101,979,865
Highways	-	68,826,956	-	-	-	68,826,956
Conservation of natural resources	17,546,646	5,262,437	-	-	-	22,809,083
Health	97,620,273	16,172,120	-	-	-	113,792,393
Welfare	197,127,669	144,193,056	-	-	-	341,320,725
Lower education	424,787,405	68,940,619	-	-	-	493,728,024
Other education	6,790,657	3,592,447	-	-	-	10,383,104
Culture and recreation	22,131,502	7,715,971	-	-	-	29,847,473
Urban redevelopment and housing	-	5,764,989	-	-	-	5,764,989
Economic development and assistance	22,469,034	18,584,559	-	-	-	41,053,593
Intergovernmental	31,373,045	-	-	-	-	31,373,045
Social security and pension contributions	108,027,034	-	-	-	-	108,027,034
Expendable Trust Funds[1]	-	-	-	-	62,004,446	62,004,446
Other	5,105,456	13,138,030	-	-	-	18,243,486
Capital outlay	-	-	-	203,529,174	-	203,529,174
Debt service	-	-	251,595,949	-	-	251,595,949
Total expenditures	1,170,043,086	386,653,487	251,595,949	203,529,174	62,004,446	2,073,826,142
OTHER FINANCING USES						
Payment to trustee for bond redemption	-	-	373,211,813	-	-	373,211,813
Operating transfers out to other funds	497,943,306	38,892,192	39,462,281	5,801,603	-	582,099,382
Total other financing uses	497,943,306	38,892,192	412,674,094	5,801,603	-	955,311,195
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,667,986,392	425,545,679	664,270,043	209,330,777	62,004,446	3,029,137 337
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 221,788,076	$ 39,257,834	$ 128,906	$ (9,844,613)	$ 48,167,351	$ 299,497,554

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT) -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 221,788,076	$ 39,257,834	$ 128,906	$ (9,844,613)	$ 48,167,351	$ 299,497,554
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES						
Add:						
Continuing appropriations, July 1, 1986	86,237,522	36,789,833	43,440	228,790,202	-	351,860,997
Unreserved-designated for future expenditures, July 1, 1986	7,392,434	30,543,455	-	-	-	37,935,889
Deduct:						
Continuing appropriations, June 30, 1987	89,832,319	42,155,731	172,346	157,133,270	-	289,293,666
Unreserved-designated for future expenditures, June 30, 1987	23,476,792	30,437,625	-	-	-	53,914,417
	(19,679,155)	(5,260,068)	(128,906)	71,656,932	-	46,588,803
Decrease (increase) in reserve for Federal aid highway projects encumbrances, unemployment compensation, bond redemption and others	-	-	-	15,015,265	(48,167,351)	(33,152,086)
Total other changes in unreserved-undesignated fund balances	(19,679,155)	(5,260,068)	(128,906)	86,672,197	(48,167,351)	13,436,717
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	202,108,921	33,997,766	-	76,827,584	-	312,934,271
UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT), JULY 1, 1986	136,987,396	83,991,560	-	(100,952,505)	-	120,026,451
UNRESERVED-UNDESIGNATED FUND BALANCES (DEFICIT), JUNE 30, 1987	$ 339,096,317	$ 117,989,326	$ -	$ (24,124,921)	$ -	$ 432,960,722

STATE OF HAWAII

EXHIBIT A-3

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS (Note 4)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	General Fund			Special Revenue Funds		
	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES						
Taxes	$ 1,444,824,000	$ 1,610,238,005	$ 165,414,005	$ 72,346,000	$ 72,059,480	$ (286,520)
Interest and investment income	45,028,883	42,491,845	(2,537,038)	6,927,000	10,151,287	3,224,287
Charges for current services	53,810,333	59,095,859	5,285,526	32,565,399	45,751,386	13,185,987
Intergovernmental	10,375,828	10,974,015	598,187	297,460,235	313,707,609	16,247,374
Rentals	5,049,507	4,605,479	(444,028)	3,613,159	5,731,565	2,118,406
Fines, forfeitures and penalties	136,500	11,520,538	11,384,038	408,000	1,352,020	944,020
Licenses and fees	3,205,193	3,031,927	(173,266)	340,000	433,796	93,796
Revenues from private sources	829,610	2,375,695	1,546,085	15,000	212,465	197,465
Other	5,941,935	10,356,422	4,414,487	6,367,000	13,768,417	7,401,417
Total revenues	1,569,201,789	1,754,689,785	185,487,996	420,041,793	463,168,025	43,126,232
OTHER FINANCING SOURCES						
Operating transfers in from other funds	41,440,010	39,462,281	(1,977,729)	-	1,635,488	1,635,488
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 1,610,641,799	$ 1,794,152,066	$ 183,510,267	$ 420,041,793	$ 464,803,513	$ 44,761,720

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS (Note 4)(Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	General Fund			Special Revenue Funds		
	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
EXPENDITURES						
Current:						
General government	$ 243,373,228	$ 165,311,872	$ 78,061,356	$ 20,116,926	$ 4,876,445	$ 15,240,481
Public safety	76,613,361	79,661,691	(3,048,330)	27,568,760	21,754,613	5,814,147
Highways	-	-	-	67,192,148	64,594,866	2,597,282
Conservation of natural resources	16,726,305	17,987,521	(1,261,216)	3,840,063	4,146,790	(306,727)
Health	96,846,478	99,633,144	(2,786,666)	21,248,144	18,850,644	2,397,500
Welfare	202,780,855	189,642,819	13,138,036	171,573,140	136,234,866	35,338,274
Lower education	407,170,503	429,481,651	(22,311,148)	61,409,832	66,335,055	(4,925,223)
Other education	6,333,156	6,823,604	(490,448)	3,452,038	3,585,572	(133,534)
Culture and recreation	28,735,416	29,858,272	(1,122,856)	10,341,244	7,943,777	2,397,467
Economic development and assistance	24,366,824	24,903,443	(536,619)	23,442,984	16,033,733	7,409,251
Intergovernmental	31,447,551	31,373,045	74,506	-	-	-
Social security and pension contributions	103,534,085	108,045,723	(4,511,638)	-	-	-
Other	11,121,114	11,154,031	(32,917)	13,895,825	10,838,935	3,056,890
Total expenditures	1,249,048,876	1,193,876,816	55,172,060	424,081,104	355,195,296	68,885,808
OTHER FINANCING USES						
Operating transfers out to other funds	483,259,618	498,292,576	(15,032,958)	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,732,308,494	1,692,169,392	40,139,102	424,081,104	355,195,296	68,885,808
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (121,666,695)	$ 101,982,674	$ 223,649,369	$ (4,039,311)	$ 109,608,217	$ 113,647,528

STATE OF HAWAII

EXHIBIT A-4

COMBINED STATEMENT OF REVENUES AND EXPENSES -
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

OPERATING REVENUES	
Concession fees	$ 92,519,339
Sales of dwelling units	6,987,503
Patient service revenues (net of contractual allowance and adjustments of $12,415,113)	83,967,435
Airport use charge	2,466,575
Rentals	39,582,084
Aviation fuel tax	6,286,293
Services and others	17,236,283
Interest	47,332,990
Other	6,137,825
Total operating revenues	302,516,327
OPERATING EXPENSES	
Personal services	63,134,752
Nursing services	37,186,719
Interest	48,043,624
Depreciation	31,650,740
Repairs and maintenance	17,426,799
Housing assistance payments	8,961,502
Cost of sales - dwelling units	5,231,595
Airports operations	11,130,763
Harbors operations	1,195,518
Fireboat operations	987,654
Loan servicing fee and amortization of bond issue costs	1,339,854
General administration	38,165,458
Other	6,508,034
Total operating expenses	270,963,012
Operating income	$ 31,553,315

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES AND EXPENSES -
ENTERPRISE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

NONOPERATING REVENUES (EXPENSES)	
Interest income	$ 19,690,400
Interest expense	(34,261,484)
Amortization of bond discount and note issue costs	(98,322)
HUD annual contributions	17,496,249
Advances due to General Fund	(1,517,741)
Donations and grants	130,844
Other	465,662
Total nonoperating revenues (expenses)	1,905,608
Income before other financing sources and extraordinary item	33,458,923
OTHER FINANCING SOURCES	
Operating transfers in from:	
General Fund	12,794,561
Special Revenue Funds	350,739
Capital Projects Fund	2,806,283
Total other financing sources	15,951,583
Income before extraordinary item	49,410,506
EXTRAORDINARY ITEM - loss from early redemption of revenue bonds payable (note 20)	(2,282,224)
NET INCOME	$ 47,128,282

EXHIBIT A-5

STATE OF HAWAII

COMBINED STATEMENT OF CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Contributed Capital	Retained Earnings	Total Fund Equity
BALANCE, JULY 1, 1986	$ 338,829,094	$ 352,539,288	$ 691,368,382
Net income for the fiscal year	-	47,128,282	47,128,282
Federal and State grants	11,074,195	-	11,074,195
Transfers in from Capital Projects Fund	2,306,000	-	2,306,000
HUD annual contributions	1,627,205	-	1,627,205
Decrease in valuation allowance on investments in revenue bonds reserve account	-	32,259	32,259
Specific purpose funds disbursements	-	(7,814)	(7,814)
Transfer of depreciation	(9,677,188)	9,677,188	-
BALANCE, JUNE 30, 1987	$ 344,159,306	$ 409,369,203	$ 753,528,509

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

EXHIBIT A-6

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

SOURCES OF WORKING CAPITAL	
Operations:	
Income before extraordinary item	$ 49,410,506
Items not requiring use of (providing) working capital:	
Depreciation	31,650,740
Amortization of bond discount and bond issue costs	754,829
Loss on disposal of facilities	6,481
Earnings on investment in direct financing leases and other	(116,858)
Other	(84,993)
Working capital provided from operations before extraordinary item	81,620,705
Extraordinary item:	
Loss from early redemption of revenue bonds payable	(2,282,224)
Add noncash amount related to write-off of deferred bond issue costs	2,282,224
Working capital provided from operations	81,620,705
Contributed capital - Federal and State grants	15,007,592
Revenue bond proceeds	74,925,000
General obligation bond proceeds	508,850
Increase in advances from General Fund	1,517,741
Net decrease in restricted assets	59,708,774
Net increase in liabilities payable from restricted assets	339,633
Repayments of mortgage loans receivable	40,771,753
Increase in other advances	3,559,104
Disposal of property, plant and equipment	1,001,754
Decrease in investments	909,624
Decrease in interest receivable	442,972
Decrease in advances due from lessees	21,567
Other	116,532
Total sources of working capital	280,451,601

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

USES OF WORKING CAPITAL	
Additions to property, plant and equipment	$ 101,049,313
Redemptions and current maturities of long-term debt	130,557,976
Additions to mortgage loans receivable	24,658,502
Increase in notes and loans receivable	13,179,422
Increase in dwelling unit inventory	1,487,807
Decrease in HUD-secured liabilities	2,129,816
Net transfers to restricted funds	1,332,229
Decrease in security deposits	281,785
Decrease in notes payable	22,013
Increase in bond issue costs	1,837,123
Decrease in contributed capital - State grants	192
Total uses of working capital	276,536,178
NET INCREASE IN WORKING CAPITAL	$ 3,915,423
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL	
Current assets:	
Cash and short-term cash investments	14,270,039
Receivables	3,481,798
Investments	640,510
Inventory of materials and supplies	229,574
Real estate owned	209,565
Prepaid expenses and deposits	426,271
Current portion of deferred bond issue costs	(69,452)
Current liabilities:	
Vouchers and contracts payable	(2,102,776)
Other accrued liabilities	(9,601,581)
Prepaid airport use charge	2,068,722
General obligation bonds payable, current portion	5,618
Custodial funds and deposits	(18,205)
Advances from HUD	(2,443,930)
Revenue bonds payable, current portion	1,035,851
HUD-secured liabilities, current portion	(4,216,581)
NET INCREASE IN WORKING CAPITAL	$ 3,915,423

STATE OF HAWAII

EXHIBIT A-7

COMBINED STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Current Funds		Loan	Endowment	Plant	
	Unrestricted	Restricted	Funds	Funds	Funds	Total
REVENUES AND OTHER ADDITIONS						
Educational and general revenues:						
Tuition and fees	$ 9,630,627	$ (69)	$ -	$ -	$ -	$ 9,630,558
Federal appropriations, grants and contracts	4,066,267	57,020,036	165,207	-	353,323	61,604,833
Indirect State support	-	-	49,551	-	-	49,551
State and local grants and contracts	9,075	4,343,234	-	-	-	4,352,309
Private gifts, grants and contracts	-	4,392,145	-	3,041,568	2,528,777	9,962,490
Sales and services	4,199,422	328,267	-	-	-	4,527,689
Endowment income and others	218,241	564,572	-	-	-	782,813
Auxiliary enterprises revenues	30,961,925	-	-	-	-	30,961,925
Investment income	-	-	397,292	2,357,801	117,869	2,872,962
Expended for plant facilities	-	-	-	-	19,320,940	19,320,940
Contributions for plant facilities	-	-	-	-	16,862,545	16,862,545
Contributions for debt retirement	-	-	-	-	737,765	737,765
Other	1,210,426	80,576	34,071	-	2,134,189	3,459,262
Total revenues and other additions	50,295,983	66,728,761	646,121	5,399,369	42,055,408	165,125,642
EXPENDITURES AND OTHER DEDUCTIONS						
Educational and general expenditures:						
Instruction	113,355,737	8,005,860	-	-	-	121,361,597
Research	30,756,472	36,677,407	-	-	-	67,433,879
Public service	10,149,729	10,622,535	-	-	-	20,772,264
Academic support	33,700,126	2,197,743	-	-	-	35,897,869
Student services	14,220,668	2,371,257	-	-	-	16,591,925
Institutional support	21,341,038	750,604	-	-	-	22,091,642
Operation and maintenance of plant	20,763,353	166,959	-	-	-	20,930,312
Scholarship and fellowship	146,661	5,814,841	-	-	-	5,961,502
Auxiliary enterprises expenditures	27,354,081	-	-	-	-	27,354,081
Independent operation expenditures	1,526,147	398,958	-	-	-	1,925,105
Expenditures for plant facilities	-	-	-	-	3,406,739	3,406,739
Loan cancellations, write-offs and allowance for uncollectible loans	-	-	24,046	-	-	24,046
Debt retirement and interest	-	-	-	-	2,821,190	2,821,190
Disposal and write-off of plant facilities	-	-	-	-	14,983,503	14,983,503
Other	11,367	-	192,339	-	947	204,653
Total expenditures and other deductions	$ 273,325,379	$ 67,006,164	$ 216,385	$ -	$ 21,212,379	$ 361,760,307

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Total
	Unrestricted	Restricted				
UNIVERSITY INTERFUND TRANSFERS (OUT) IN						
Mandatory:						
Principal and interest	$ (2,184,972)	$ -	$ -	$	$ 2,184,972	$ -
Renewals and replacements	(204,475)	-	-	-	204,475	-
Voluntary:						
Renewals and replacements	(970,109)	-	-	-	970,109	-
Quasi-endowment - unrestricted principal	(562,500)	-	-	562,500	-	-
Reinvestment of endowment income	(227,472)	(43,761)	-	271,233	-	-
Contribution to Loan Funds	(451,650)	29,816	421,834	-	-	-
Distribution of prior year's endowment income	9,231	24,035	-	(33,266)	-	-
Other	20,378	(20,378)	-	-	-	-
Total University interfund transfers	(4,571,569)	(10,288)	421,834	800,467	3,359,556	-
OPERATING TRANSFERS IN FROM						
General Fund	232,320,457	226,132	-	-	-	232,546,589
Capital Projects Fund	-	-	-	-	419,320	419,320
Total operating transfers	232,320,457	226,132	-	-	419,320	232,965,909
Net increase (decrease) in fund balances	4,719,492	(61,559)	851,570	6,199,836	24,621,905	36,331,244
FUND BALANCES, JULY 1, 1986	17,700,048	3,619,290	14,846,373	15,045,031	535,407,265	586,618,007
FUND BALANCES, JUNE 30, 1987	$ 22,419,540	$ 3,557,731	$ 15,697,943	$ 21,244,867	$ 560,029,170	$ 622,949,251

1. Financial Statements Presentation

General:

The accompanying general purpose financial statements of the State of Hawaii (State) present the financial position of the various fund types and account groups, the results of operations of the various fund types and the changes in financial position of the Proprietary Fund Type as of and for the fiscal year ended June 30, 1987.

Definition of Reporting Entity:

The State has defined its reporting entity in accordance with National Council on Governmental Accounting (NCGA) Statement 3, as adopted by the Governmental Accounting Standards Board (GASB), "Defining the Governmental Reporting Entity." This statement provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity and how information about them should be presented. NCGA Statement 3 sets forth the exercise of oversight responsibility of a government's elected officials as the basic criterion for inclusion of a governmental unit in a governmental reporting entity.

The State's general purpose financial statements include the accounts of the State's operations. The State's operations are organized into the following branches and departments:

Executive:
- Accounting and General Services
- Agriculture
- Attorney General
- Budget and Finance
- Commerce and Consumer Affairs
- Defense
- Education
- Hawaiian Home Lands
- Health
- Labor and Industrial Relations
- Land and Natural Resources
- Personnel Services
- Planning and Economic Development
- Social Services and Housing
- Taxation
- Transportation
- University of Hawaii

Judicial

Legislative

The State's general purpose financial statements do not reflect the financial position and results of operations of the Employees' Retirement System of the State of Hawaii (ERS) because oversight responsibility is held by the ERS Board of Trustees. The Board administers the ERS on behalf of public employees for both the State and county governments.

Fund Accounting:

The financial activities are recorded in individual funds classified by type and described in the following sections, each of which is deemed to be a separate accounting entity. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses.

Account groups are used to establish accounting control and accountability for the State's general fixed assets and general long-term obligations. Account groups are not funds as they do not reflect available financial resources and related liabilities.

GOVERNMENTAL FUND TYPES

General Fund

Financial resources obtained and used for services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the General Fund.

Special Revenue Funds

Financial resources obtained from specific revenue sources and used for restricted purposes are accounted for in Special Revenue Funds.

Debt Service Funds

Financial resources obtained and used for the payment of interest and principal on general long-term bond obligations are accounted for in the Debt Service Funds.

Capital Projects Fund

Substantially all financial resources obtained and used for the acquisition or construction of State general fixed assets and facilities are reflected in the Capital Projects Fund. Such resources are derived principally from proceeds of general obligation bond issues, Federal grants and operating transfers from the Special Revenue Funds.

PROPRIETARY FUND TYPE

Enterprise Funds are comprised of:

- Department of Transportation - Airports Division (Airports) which operates the State airports and air navigation facilities and is responsible for general supervision of aeronautics within the State.
- Department of Transportation - Harbors Division (Harbors) which operates the State commercial harbors.
- Department of Social Services and Housing, Hawaii Housing Authority (HHA) provides dwelling units for low- and moderate-income residents of the State.
- State Hospitals Fund (State Hospitals) account for the operations of the State hospitals and are comprised of the following:

Hilo Hospital
Honokaa Hospital
Ka'u Hospital
Kauai Veterans Memorial Hospital
Kohala Hospital
Kona Hospital
Kula Hospital
Lanai Community Hospital
Leahi Hospital
Samuel Mahelona Memorial Hospital
Maluhia Hospital
Maui Memorial Hospital and Hana Medical Center

The financial statements of the State Hospitals have been prepared in accordance with the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide - Hospital Audit Guide.

FIDUCIARY FUND TYPE

Trust and Agency Funds

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in the Trust and Agency Funds. Trust and Agency Funds are comprised of:

- Expendable Trust Funds account for assets held in trust to be expended for designated purposes.
- Agency Funds account for employee benefit receipts and payments to the Hawaii Public Employees Health Fund and the clearance accounts for State payroll and tax collections which include protested tax payments.

ACCOUNT GROUPS

General Fixed Assets Account Group

General Fixed Assets Account Group is used to account for all general fixed assets of the State other than those accounted for in the Enterprise and University Funds.

General Long-Term Obligations Account Group

General Long-Term Obligations Account Group is used to account for the unmatured long-term general obligation bonds excluding those accounted for in the Enterprise and University Funds. Certain notes payable, installment obligations and accrued vacation payable for Governmental Fund Types are reflected in the General Long-Term Obligations Account Group.

UNIVERSITY FUNDS

Financial activities of State higher education institutions are accounted for in the University Funds (University). The financial statements of the University have been prepared in accordance with the AICPA Industry Audit Guide - Audits of Colleges and Universities.

2. Summary of Significant Accounting Policies

ALL FUNDS

Deferred Compensation Plan:

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the State, subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State Attorney General that the State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Federal Grants:

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenue when available and entitlement occurs. All other Federal reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures or expenses are incurred.

Intrafund and Interfund Transactions:

Transfers of financial resources between departments and activities included within the same fund are offset within the fund. Transfers from funds receiving revenues to funds through which the resources are to be expended are recorded as operating transfers.

Total Columns on General Purpose Financial Statements:

Total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not purport to present financial position or results of operations of the State in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation.

Reporting Reclassifications:

Reclassifications have been made to certain amounts previously reported to conform to the current year's report format.

GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST AND AGENCY FUNDS

Basis of Accounting:

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects, Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations during the fiscal year or liquidate liabilities at the end of the fiscal year. Revenues susceptible to accrual include certain self-assessed taxes and Federal grants. Self-assessed taxes which consist of general excise, income, liquor and public service company taxes are recognized as receivables and deferred revenue when the tax returns are filed. The deferred revenues are recognized as revenues when payments are received. Revenues which are not considered susceptible to accrual and therefore are not accrued include fines, forfeitures and penalties, licenses, permits and franchises. Expenditures are recorded on the accrual basis of accounting when the related fund liability is incurred except for (1) interest on long-term obligations, which is recognized when payment is due, and (2) loans to foster economic growth and development, agriculture, and for housing for native Hawaiians, which are charged to expenditures when issued and repayments of which are recorded as revenues when received. Encumbrances are recorded obligations in the form of purchase orders or contracts. The State records encumbrances at the time purchase orders or contracts are awarded and executed.

Investments:

Investments are carried at amortized cost.

Inventories of Materials and Supplies:

Inventories of materials and supplies are recorded as expenditures when purchased.

Assets Held by Agents for the State Deferred Compensation Plan:

Assets held by agents for the State Deferred Compensation Plan are carried at market value.

Accumulated Vacation and Sick Leave:

State employees' accumulated vacation is expected to be liquidated with future expendable resources and therefore is accrued in the General Long-Term Obligations Account Group. Sick leave is not convertible to pay upon termination of employment and is recorded as an expenditure when taken.

Fund Balances:

Portions of fund balances are reserved for the following:

- Continuing appropriations which include specific legislative appropriations which do not lapse at the end of the fiscal year.
- Notes receivables, advances and investments which are not currently available for expenditure at the balance sheet date.
- Federal aid highway projects encumbrances.
- Bond redemption.
- Expendable trust fund balances which are restricted to the purpose of the account.

Portions of the unreserved fund balance are designated for future capital and operating expenditures. These designated fund balances represent authorized appropriations which have not been allotted as of June 30, 1987.

PROPRIETARY FUND TYPE

Basis of Accounting:

The accounts of the Proprietary Fund Type are reported under the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recorded when they are incurred.

Investments:

Investments in U. S. Treasury bonds, notes and bills, corporate bonds and other short-term investments are stated at amortized cost. Investment in corporate stocks are stated at cost. Contributed investments are recorded at fair market value when received.

Property, Plant and Equipment:

Property, plant and equipment acquired by purchase or construction is recorded at cost. Contributed property is recorded at fair market value at date of receipt. Depreciation on State hospital facilities is provided on the straight-line basis over estimated useful lives of 5 to 50 years for buildings and improvements and 5 to 40 years for machinery and equipment. Airport facilities are depreciated on the straight-line basis over estimated useful lives of 20 to 45 years for land improvements, buildings and improvements and 10 years for machinery and equipment. Depreciation on Harbor facilities is provided on the straight-line basis over estimated useful lives using composite rates of 1% to 20% for land improvements, buildings and improvements and wharves and 8% for machinery and equipment. Depreciation on Harbor facilities is not provided for in the year of acquisition, but is provided for the entire year in the year of disposal. Depreciation is provided by HHA on its property and equipment on the straight-line basis over estimated useful lives of 10 to 40 years for buildings and improvements and 3 to 10 years for equipment.

Maintenance, repairs, minor replacements, renewals and betterments are charged to operations as incurred. Major renewals, replacements and betterments are capitalized. Disposal of assets are recorded by removing the cost and related accumulated depreciation from the accounts with the resulting gain or loss reflected in operations.

Depreciation on property acquired through grants is included in depreciation expense presented in the Combined Statement of Revenues and Expenses - Enterprise Funds and is transferred to the contributed capital account. Transfer of depreciation on HHA assets acquired or constructed from U. S. Department of Housing and Urban Development (HUD) annual contributions is limited to the lesser of the depreciation expense or HUD annual contributions received for the payment of debt principal.

Bond and Note Issue Costs:

Costs related to the issuance of bonds and notes are amortized by the straight-line method over the term of the obligations.

Unamortized Bond Discount:

Bond discount is amortized using the effective interest method over the term of the related debt. The unamortized balance is offset against the related long-term debt.

Interest Cost:

Total interest cost incurred for the fiscal year ended June 30, 1987 amounted to $91,364,773 of which $8,961,343 was capitalized as part of the acquisition cost of facilities.

Dwelling Unit Inventory and Land Held for Future Development:

The dwelling unit inventory includes dwelling units available for sale, repurchased units available for sale, and real estate owned and acquired through foreclosure. Land held for future development includes developments in progress. Dwelling unit inventory and land held for future development are stated at the lower of cost or market.

HUD Annual Contributions:

HHA receives annual contributions and subsidies from HUD for operating the housing assistance payment programs and the development and operation of low-income housing projects. HUD provides the annual debt service contributions with which to meet interest and principal payments on notes and bonds. The debt service contributions related to principal and interest are recognized as contributed capital and nonoperating revenues, respectively. HHA also receives annual subsidies from HUD for housing assistance payments and operating deficits incurred in the operation of the programs. Annual subsidies are recognized as nonoperating revenues upon notification of approval from HUD and are accounted for in HUD annual contributions.

Profit Recognition on Dwelling Unit Sales:

Revenues and profit from sales of dwelling units are recognized when the amount of revenue is measurable; that is, collectibility of the sales price is reasonably assured and the earnings process is complete.

Commitment Fees:

Commitment fees collected in connection with the Single Family Mortgage Purchase programs are deferred and recognized as revenue at the earlier of the funding of the commitment or its expiration.

Restricted Assets Investments:

The Mortgage Revenue Bond Fund indentures authorize the trustee to invest monies in certificates of deposit, money market funds and investment securities, including U. S. Government and agency obligations, certain municipal bonds and repurchase agreements. Uninsured certificates of deposit are required to be collateralized by investment securities of an equal or greater market value. The underlying securities for repurchase agreements are required to be U. S. Government or agency obligations of an equal or greater market value registered in the name of the trustee upon the books of the Federal Reserve Bank.

Medicare and Medicaid Reimbursements:

Revenues from services reimbursed under Medicare and Medicaid programs are recorded at the estimated reimbursable amounts. Final determination of the amounts earned is subject to review by the fiscal intermediary or a peer review organization. In the opinion of management, adequate provision has been made for any adjustments that may result from such reviews.

ACCOUNT GROUPS

General Fixed Assets:

General fixed assets are recorded at cost. Certain assets for which cost is not determinable have been recorded at 1974 and 1981 real property tax assessed values. Contributed fixed assets are recorded at fair market value at the date of donation. Infrastructure assets consisting principally of highways, roads and bridges are not capitalized. Depreciation is not provided on general fixed assets.

UNIVERSITY FUNDS

Fund Accounting:

The financial activities of the University of Hawaii are recorded in funds which classify the various transactions by specified activities or objectives. Fund balances of such funds are reported as reserved for Federal grants refundable and others.

Tuition and fees of the University's fall and spring semesters and certain other receipts aggregating $27,032,000 in 1987 are deposited in the General Fund of the State in accordance with Act 184, Session Laws of 1961 and other acts. Restricted gifts, grants, endowment income and other restricted resources are accounted for in restricted current funds, loan funds, endowment funds and plant funds. Revenues and expenditures reported in the restricted current funds are designated for specific current operating purposes. Transactions related to the various student loan programs are accounted for in the loan funds. Resources restricted for the acquisition and investment in property, plant and equipment are accounted for in the plant funds.

Endowment funds are subject to the donor restrictions requiring the principal to be invested in perpetuity with only income to be utilized.

3. Departures From Generally Accepted Accounting Principles

Due to a lack of detailed centralized historical cost information, the State has recorded certain land and buildings at 1974 and 1981 real property tax assessed values. Generally accepted accounting principles (GAAP) provide for purchased fixed assets to be recorded at actual cost, if cost is not determinable, at estimated cost, and for donated fixed assets, at their estimated fair market value at the date of receipt. The effect of reflecting such land and buildings in accordance with generally accepted accounting principles has not been determined. In addition, certain disclosures relating to the General Fixed Assets Account Group have been omitted as such information is not available.

The State is presently considering various measures to bring its financial statements in conformity with generally accepted accounting principles as well as implementing a comprehensive fixed assets accounting system.

4. Budgeting and Budgetary Control

The budget of the State is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year, (2) the estimated revenue available to finance the operating plan and (3) the estimated spending requirements of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the year. Amounts reflected as budgeted revenues in the Combined Statement of Revenues and Expenditures - Budget and Actual are those estimates as compiled by the Council on Revenues and State Director of Finance. Budgeted expenditures are derived primarily from the General Appropriations Act of 1985 (Act 300, Session Laws of 1985), as amended, and from other authorizations contained in the Hawaii Constitution, the Hawaii Revised Statutes and other specific appropriation acts in various Session Laws of Hawaii.

All expenditures of these appropriated funds are made pursuant to the appropriations in the biennial budget as amended by subsequent supplemental appropriations. Budgetary control is maintained at the departmental level. Budget revisions and interdepartmental transfers may be effected with certain executive and legislative branch approvals.

To the extent not expended or encumbered, General Fund appropriations generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other contingencies which may terminate the authorization for other appropriations.

Budgets adopted by the State Legislature for the General and Special Revenue Funds are presented in the Combined Statement of Revenues and Expenditures - Budget and Actual. The State's annual budget is prepared on the modified accrual basis of accounting with several differences, principally the encumbrance of purchase order and contract obligations. These differences represent departures from generally accepted accounting principles (GAAP). A summarization of the material differences for the fiscal year ended June 30, 1987 follows:

	Funds	
	General	Special Revenue
Excess of revenues and other financing sources over expenditures and other financing uses - actual on a budgetary basis	$ 101,982,674	$ 109,608,217
Reserve for continuing appropriations at year-end	89,832,319	22,821,860*
Designated for future expenditures	23,476,792	-
Expenditures for liquidation of prior year encumbrances and designations	(89,126,111)	-
Expenditures for unbudgeted programs, principally expenditures for Federal grant projects and revolving funds	-	(93,172,243)
Accrual excluded from budgetary basis (note 21)	95,622,402	-
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	$ 221,788,076	$ 39,257,834

*Amount reflects the encumbrance balances (included in continuing appropriations) for budgeted programs only.

5. Receivables

Taxes Receivable:

At June 30, 1987, taxes receivable consisted of the following:

	Funds	
	General	Enterprise Airports
Public service company tax	$ 20,176,711	$ -
Income taxes and other self-assessed taxes	3,860,768	-
Aviation fuel tax (note 12)	-	584,429
	$ 24,037,479	$ 584,429

Under the Hawaii Revised Statutes, the public service company tax is levied on certain businesses based upon gross income. The tax is due at the beginning of the calendar year; however, a company may elect to pay the tax in four equal installments during the year. The taxes receivable balance consists primarily of uncollected installments.

Accounts Receivable and Accrued Interest Receivable:

At June 30, 1987, accounts receivable and accrued interest receivable consisted of the following:

	Funds						
		Enterprise					
	Special Revenue	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total	University
Airport services and fees	$ -	$ 18,014,749	$ -	$ -	$ -	$ 18,014,749	$ -
Harbor services and fees	-	-	3,819,190	-	-	3,819,190	-
Hospital patient services	-	-	-	-	48,616,130	48,616,130	-
Accrued interest	-	1,838,635	701,546	5,656,424	-	8,196,605	99,727
Other	3,101	-	-	-	-	-	6,038,466
	3,101	19,853,384	4,520,736	5,656,424	48,616,130	78,646,674	6,138,193
Less allowance for doubtful accounts	-	1,300,000	670,000	-	19,448,027	21,418,027	127,848
Accounts receivable and accrued interest receivable, net	$ 3,101	$ 18,553,384	$ 3,850,736	$ 5,656,424	$ 29,168,103	$ 57,228,647	$ 6,010,345

Notes and Loans Receivables:

At June 30, 1987, notes and loans receivables, net of estimated uncollectible amounts, consisted of the following:

General Fund:	
Industrial Loans Guaranty	$ 3,303,188
Molokai Task Force loans	281,000
Kauai Task Force loans	268,329
Independent Sugar Growers loans	749,094
North Kohala Task Force loans	965,426
State disaster commercial loans	2,111
Molokai General Hospital	196,715
Total	$ 5,765,863

Special Revenue Funds:	
Hawaiian Home Lands:	
Native Hawaiian Rehabilitation Fund loans	$ 51,141
Statewide replacement loans	7,546,070
Maintenance, repair and renovation loans	555,597
Loan guaranty loans	195,459
Homesteaders loans	3,602,262
Homesteaders and non-homesteaders loans	626,215
Hawaiian Home Lands loans	3,015,257
Hawaiian Home Lands general loans	22,726,779
Farm loans	1,508,942
Agriculture:	
Farm loans	12,164,058
Hawaii agricultural products loans	139,564
Hawaii aquacultural loans	363,265
Veterans' loans	566,006
Planning and Economic Development:	
Commercial fishing vessel repairs and maintenance loans	353,018
Hawaii capital loans	4,226,753
Fisheries new vessel loans	1,620,934
State disaster loans	2,809
Office of Hawaiian Affairs:	
Economic Development loans	19,176
Total	$ 59,283,305
Enterprise Funds - Hawaii Housing Authority:	
Mortgage loans	264,606,912
Notes and loans, net of deferred income of $2,746,231 on sales of housing project	30,010,808
Total	$ 294,617,720
University Funds:	
Student loans, net of allowance for doubtful accounts of $3,301,061	$ 13,932,188

Hawaiian Home Lands notes are generally collateralized by real property.

6. Investments

The Hawaii Revised Statutes authorize the State to invest in obligations of the U. S. Treasury, agencies and instrumentalities, time certificates of deposit, bank repurchase agreements and bonds of any improvement district of any county of the State provided that investments are due to mature not more than three years from the date of investment.

The following summarizes investments at June 30, 1987:

	Cost	Market
Special Revenue Funds:		
U. S. Government Securities Money Market Fund	$ 315,854	$ 315,854
U. S. Treasury securities at amortized cost	1,481,407	1,481,050
Corporate stocks and bonds	2,034,602	2,599,225
	$ 3,831,863	$ 4,396,129
Capital Projects Fund - U. S. Treasury securities at amortized cost	$ 111,289,388	$ 112,482,402
Enterprise Funds - U. S. Treasury securities at amortized cost	$ 5,299,604	$ 5,706,021
Trust and Agency Funds:		
U. S. Treasury securities at amortized cost	28,710,159	29,073,791
Repurchase agreements	26,000,000	26,000,000
Corporate stocks, at cost, which approximates market	118,071	118,071
	$ 54,828,230	$ 55,191,862
University Funds - Corporate stocks and bonds	$ 18,493,652	$ 21,297,768

The repurchase agreements which are held by certain regulated financial institutions are collaterized by U. S. Treasury securities with a market value of $25,238,000 at June 30, 1987. The securities collateralizing the repurchase agreements are held by the custodial bank in the State's name.

7. Restricted Assets

At June 30, 1987, restricted assets consisted of the following:

	Enterprise Funds				
	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total
Cash	$ 30,325,338	$ 4,214,890	$ 4,300,464	$ 1,772,592	$ 40,613,284
Time certificates of deposit	84,405,570	24,966,112	47,183,100	-	156,554,782
Investments:					
U. S. Treasury and agencies securities, at amortized cost (total market value of $91,946,560)	28,915,434	11,697,728	51,141,896	-	91,755,058
Repurchase agreements	-	-	70,447,250	-	70,447,250
Other, at cost which approximates market	-	-	15,865	-	15,865
Investment in net direct financing leases	9,810,943	17,058,370	-	-	26,869,313
Other	-	-	-	57,947	57,947
	$ 153,457,285	$ 57,937,100	$ 173,088,575	$ 1,830,539	$ 386,313,499

The repurchase agreements which are held by certain regulated financial institutions are secured by U. S. Treasury securities with a market value of approximately $71,714,000 at June 30, 1987. The securities collateralizing the repurchase agreements are in the name of the trustee on the books of the Federal Reserve Bank.

Certain leases of State-owned special facilities to parties engaged in airline and maritime operations are accounted for as direct financing leases. At June 30, 1987, investment in direct financing leases consisted of the following:

	Enterprise Funds		
	Airports	Harbors	Total
Total minimum lease payments receivable	$ 16,028,430	$ 59,741,667	$ 75,770,097
Estimated unguaranteed residual value	-	3,600,000	3,600,000
Less amount representing interest	(6,955,621)	(46,283,297)	(53,238,918)
	9,072,809	17,058,370	26,131,179
Cash with trustee and other	738,134	-	738,134
	$ 9,810,943	$ 17,058,370	$ 26,869,313

Minimum future rentals to be received under direct financing leases as of June 30, 1987 are as follows:

	Enterprise Funds		
	Airports	Harbors	Total
Fiscal year ending June 30:			
1988	$ 255,000	$ 1,675,000	$ 1,930,000
1989	275,000	1,675,000	1,950,000
1990	295,000	1,675,000	1,970,000
1991	315,000	1,675,000	1,990,000
1992	345,000	1,675,000	2,020,000
Thereafter	14,543,430	51,366,667	65,910,097
	$ 16,028,430	$ 59,741,667	$ 75,770,097

8. Property, Plant and Equipment

Enterprise and University Funds:

At June 30, 1987, property, plant and equipment consisted of the following:

	Funds					
	Enterprise					
	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total	University
Land and land improvements	$ 319,383,440	$ 66,455,968	$ 31,192,630	$ 1,920,567	$ 418,952,605	$ 45,209,701
Buildings and improvements	249,768,937	94,880,937	163,540,450	77,947,749	586,138,073	354,186,159
Machinery and equipment	15,059,006	2,385,998	5,604,617	47,326,341	70,375,962	134,648,882
Library and other books	-	-	-	-	-	52,059,293
Livestock	-	-	-	-	-	291,529
	584,211,383	163,722,903	200,337,697	127,194,657	1,075,466,640	586,395,564
Less accumulated depreciation (note 2)	(182,016,400)	(45,233,579)	(66,488,549)	(38,343,762)	(332,082,290)	-
	402,194,983	118,489,324	133,849,148	88,850,895	743,384,350	586,395,564
Construction in progress	176,977,428	69,531,277	245,770	4,462,998	251,217,473	4,141,549
	$ 579,172,411	$ 188,020,601	$ 134,094,918	$ 93,313,893	$ 994,601,823	$ 590,537,113

General Fixed Assets Account Group (Unaudited):

Changes in general fixed assets during the fiscal year ended June 30, 1987 were as follows:

	Land	Buildings And Improvements	Equipment	Total
Balance, July 1, 1986	$ 347,476,756	$ 770,135,384	$ 270,801,185	$ 1,388,413,325
Additions	20,785,966	49,514,787	35,608,473	105,909,226
Deductions	1,983,106	173,317	4,195,263	6,351,686
	$ 366,279,616	$ 819,476,854	$ 302,214,395	1,487,970,865
Construction in progress, June 30, 1987				169,462,939
Balance, June 30, 1987				$ 1,657,433,804

The construction in progress additions and deductions during 1987 are not shown as such information is not available.

9. Loans For Issued General Obligation Bonds

The State has advanced proceeds received from general obligation bond issues to Special Revenue, Enterprise and University Funds. Repayments, including interest, are reimbursed from specific revenue sources of the funds and agencies and correspond to the terms of the related general obligation bonds. At June 30, 1987, outstanding advances consisted of the following:

Special Revenue Funds:	
Highways	$ 153,009,405
Land development projects	1,130,207
Hawaii Water Authority	6,180,795
Small boat harbors	4,176,592
Off-street parking	5,276,424
Planning and economic development	191,808
Enterprise Funds (note 11)	49,922,380
University Funds (note 11)	27,097,227
	$ 246,984,838

10. Notes, Loans and Installment Contracts Payable

Enterprise Funds - Hawaii Housing Authority:

At June 30, 1987, the note payable consisted of an obligation to Farmers Home Administration collateralized by property and rental receipts due in monthly installments of $2,207 through 2009 with interest at 1%. At June 30, 1987, the note payable amounted to $501,074.

General Long-Term Obligations Account Group:

At June 30, 1987, notes, loans and installment contracts payable consisted of the following:

Notes payable on behalf of the State Department of Hawaiian Home Lands to HHA consisting of various notes maturing through 1994, at 7.5% interest	$ 2,873,037
Loan payable to U. S. Department of the Interior Bureau of Reclamation by the State Department of Land and Natural Resources, due in annual installments of $112,843 plus nominal interest through 2013	2,933,923
Installment purchase note payable, at 8.88% interest, due in monthly payments of $74,897 through 1990	2,101,104
Installment purchase note payable, at 10% interest, due in monthly payments of $42,884 through 1989	639,794
Installment purchase note payable, at 6.9% interest, due in monthly payments of $5,296 through 1992	250,708
	$ 8,798,566

University Funds:

At June 30, 1987, installment contracts payable arising from purchases of certain equipment on the installment method amounted to $2,706,450 with interest ranging from 8% to 12% per annum.

Maturities of notes, loans and installment contracts payable are as follows:

	Enterprise Funds - Hawaii Housing Authority	General Long-Debt Obligations Account Group	University
Fiscal year ending June 30:			
1988	$ 21,600	$ 1,863,916	$ 1,410,875
1989	21,800	1,670,016	591,164
1990	22,000	1,284,770	289,420
1991	22,200	673,887	263,689
1992	22,400	516,484	151,302
Thereafter	391,074	2,789,493	-
	$ 501,074	$ 8,798,566	$ 2,706,450

11. General Obligation Bonds Payable

General obligation bonds are serial bonds backed by the full faith and credit of the State. All issues except those prior to September 1, 1968 contain call provisions (call prices range from 103 to 100). Stated interest rates range from 3% to 10%. At June 30, 1987, the general obligation bonds consisted of the following:

Callable		$ 1,817,812,080
Noncallable		5,865,000
Total general obligation bonds outstanding		1,823,677,080
Less amount recorded as a liability of:		
Enterprise Funds	$ 49,922,380	
University Funds	27,097,227	
		77,019,607
Amount recorded in the General Long-Term Obligations Account Group		$ 1,746,657,473

Proceeds of certain general obligation bonds have been contributed as capital to HHA. These bonds are recorded in the General Long-Term Obligations Account Group since principal repayments are funded through the General Fund. HHA reimbursed the General Fund approximately $3,534,000 for the interest portion of the debt service in 1987.

A summary of debt service requirements to maturity follows:

Fiscal year:	Principal	Interest
1988	$ 135,694,270	$ 116,297,642
1989	139,944,270	107,589,063
1990	144,209,270	98,475,975
1991	142,364,270	89,126,676
1992	140,010,000	79,927,084
1993	133,940,000	71,512,248
1994	123,705,000	63,393,315
1995	117,630,000	55,803,505
1996	113,510,000	48,486,664
1997	98,300,000	41,614,786
1998	90,025,000	35,490,998
1999	77,590,000	29,696,293
2000	73,485,000	24,333,725
2001	65,225,000	19,279,062
2002	65,295,000	14,587,292
2003	51,430,000	10,050,260
2004	51,510,000	6,554,172
2005	22,855,000	3,707,422
2006	18,775,000	2,075,840
2007	10,545,000	948,855
2008	1,770,000	425,122
2009	1,545,000	329,100
2010	1,645,000	234,900
2011	1,755,000	134,550
2012	920,000	27,600
	$ 1,823,677,080	$ 920,102,149

On November 1, 1986, the State issued $252,090,000, Series BG, in general obligation bonds with an average interest rate of 6.3%. The entire proceeds of $252,090,000 plus an additional $3,500,000 of appropriated debt service monies were used to acquire U. S. Government securities, which were deposited into an irrevocable trust to satisfy a portion of the future debt service requirements on the Series AU 1982, Series AW 1983 and Series AY and AZ 1984 bonds. As a result, the refunded portions of the Series AU 1982 ($49,980,000), Series AW 1983 ($49,980,000), and Series AY and AZ 1984 ($54,150,000 and $58,320,000, respectively) bonds are considered to be defeased, and the liabilities have been removed from the General Long-Term Obligations Account Group.

On March 1, 1987, the State issued $121,610,000, Series BI, of general obligation bonds with an average interest rate of 5.7%. The entire proceeds of $121,610,000 were also used to acquire U. S. Government securities, which were then deposited into an irrevocable trust to satisfy a portion of the future debt service requirements on the Series AV and AX 1983 bonds. As a result, the refunded portions of the Series AV ($49,980,000) and AX ($54,150,000) 1983 bonds are considered to be defeased and the liabilities have been removed from the General Long-Term Obligations Account Group.

The bonds were refunded in the following:

Enterprise Funds	$ 145,332
General Long-Term Obligations Account Group	316,414,668
	$ 316,560,000

The following table summarizes refunded bond information for the fiscal year ended June 30, 1987:

	Issue Date	Original Principal Amount Issued	Principal Amount At Time Of Refunding	Principal Amount Refunded	Average Interest Rate Of Refunded Amount	Principal Amount Unrefunded	Average Interest Rate Of Outstanding Amount
Refunded series:							
AU	1982	$ 75,000,000	$ 66,660,000	$ 49,980,000	9.6%	$ 16,680,000	9.10%
AW	1983	75,000,000	70,830,000	49,980,000	9.0	20,850,000	8.80
AY	1984	75,000,000	75,000,000	54,150,000	9.5	20,850,000	9.25
AZ	1984	75,000,000	75,000,000	58,320,000	9.7	16,680,000	9.25
Total amount refunded by November 1, 1986, Series BG, refunding bond				212,430,000			
AV	1983	75,000,000	66,660,000	49,980,000	8.5	16,680,000	8.00
AX	1983	75,000,000	70,830,000	54,150,000	8.9	16,680,000	8.40
Total amount refunded by March 1, 1987, Series BI, refunding bond				104,130,000			
Total amount refunded in fiscal year ended June 30, 1987				$ 316,560,000			

The advance refunding of portions of the 1982, 1983 and 1984 Series bonds will reduce total debt service payments over the next 17 years. The refunding transaction has reduced the aggregate debt service payments by approximately $11,303,000 and will result in an economic gain or present value savings of $19,136,000 over the life of the refunded bonds.

In the prior years, the State extinguished certain outstanding general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts and the refunded bonds are not included in the State's general purpose financial statements. At June 30, 1987, $187,470,000 of bonds outstanding are considered extinguished.

The State Constitution limits the amount of general obligation bonds which may be issued. As required by law, the State Director of Finance has confirmed that the State was within its legal debt limit on the aforementioned issues.

At June 30, 1987, general obligation bonds authorized but unissued consisted of the following:

Purpose	Authorized But Unissued
General government	$ 16,309,327
Public safety	11,040,291
Highways	104,701,085
Conservation of natural resources	4,808,222
Health	20,632,847
Hospitals	252,129
Welfare	1,196,000
Education	65,145,084
Culture and recreation	27,245,114
Urban redevelopment and housing	7,396,418
Economic development and assistance	15,877,413
Airports	50,000
Water transport and terminals	1,353,728
Excess bond issue proceeds over appropriations	(205,801)
	$ 275,801,857

Excess bond issue proceeds over appropriations represent general obligation bond proceeds which have not been allocated for a specific purpose as of June 30, 1987.

12. Revenue Bonds and Liabilities Collateralized by HUD Annual Contributions

Enterprise Funds:

At June 30, 1987, revenue bonds payable (net of unamortized bond discount) for Enterprise Funds consisted of the following:

	Current	Noncurrent	Total
Harbors capital improvement revenue bonds	$ 2,911,649	$ 74,123,133	$ 77,034,782
Harbors special facility revenue bonds	-	16,750,000	16,750,000
Airports revenue bonds	25,260,000	375,881,443	401,141,443
Airports special facility revenue bonds	255,000	9,325,000	9,580,000
HHA revenue bonds	23,275,849	387,117,944	410,393,793
	$ 51,702,498	$ 863,197,520	$ 914,900,018

During 1987 gains on early redemption of revenue bonds for Harbors and Airports were $58,904 and $63,029, respectively.

Harbors Capital Improvement Revenue Bonds -

The Harbors capital improvement revenue bonds are collateralized by a charge and lien on the gross revenues of commercial harbors and upon all improvements and betterments thereto and all funds and securities created in whole or part from revenues or from the proceeds of any bonds issued. The Harbors capital improvement revenue bonds are subject to redemption at the option of the State Director of Transportation and the State during specific years at prices ranging from 102-1/2 to 100.

The following is a summary of the outstanding Harbors capital improvement revenue bonds at June 30, 1987:

Year Of Issue	Final Maturity Date	Interest Rate	Original Amount Of Issue	Outstanding
1967	1997	5.200 %	$ 20,000,000	$ 14,575,000
1978	2008	5.500 - 6.700	20,000,000	18,075,000
1983	2008	4.750 - 8.875	23,385,000	22,450,000
1986	2011	6.000 - 7.500	22,500,000	22,500,000
			$ 85,885,000	77,600,000
Less unamortized bond discount				565,218
				77,034,782
Less current portion, net of unamortized bond discount				2,911,649
				$ 74,123,133

The certificate providing for the issuance of revenue bonds provides for the levying and collection of minimum net revenues to service and provide reserves for maturing debt principal, interest, sinking fund and replacement and maintenance reserve requirements, and also provides for the maintenance of certain insurance coverage for fire, workers' compensation and public liability. At June 30, 1987, $11,722,157 was on credit in the revenue bond debt service sinking fund and reserve accounts.

Harbors Special Facility Revenue Bonds -

In 1980, the State Legislature authorized the issuance of special facility revenue bonds for the construction, acquisition, remodeling, furnishing and equipping of State-owned special facilities for lease to parties engaged in maritime operations.

Pursuant to this authorization, $15,700,000 of 8-1/2% special facility revenue bond anticipation notes were issued in 1981 to finance the construction of container terminal facilities on Sand Island for the exclusive use of Matson Terminals, Inc. In 1983, special facility revenue bonds of $16,750,000 were issued to extinguish the revenue bond anticipation notes and to provide additional funds for construction. These bonds, which bear interest at 10% per annum, mature on March 1, 2013, subject to optional redemption on or after March 1, 1993 at prices ranging from 103 to 100. Payment of the principal and interest on the bonds has been guaranteed by Matson Navigation Company, Inc., parent company of the lessee.

Airports Revenue Bonds -

The Airports revenue bonds are payable solely from and collateralized by Airports revenue which includes all aviation fuel taxes levied.

The following is a summary of the outstanding Airports revenue bonds at June 30, 1987:

	Final Maturity Date	Interest Rate	Original Amount Of Issue	Outstanding
Series:				
1969	1995	4.90 - 5.90%	$ 40,000,000	$ 19,355,000
1969, second	1995	6.00 - 7.00	45,000,000	23,820,000
1970	1996	6.60 - 7.10	20,000,000	11,450,000
1970, second	1996	7.25 - 8.25	25,000,000	14,905,000
1971	1997	6.25 - 7.25	30,000,000	18,035,000
1971, second	1997	5.30 - 6.30	20,000,000	11,910,000
1972	1998	5.25 - 6.25	25,000,000	15,780,000
1974	2000	8.25 - 9.25	20,000,000	15,790,000
1975	2001	6.10 - 7.50	20,000,000	16,110,000
1977	2004	5.25 - 6.75	20,000,000	16,490,000
1981, extinguished by 1983, refunding	2009	12.50 - 14.00	75,000,000	-
1983, refunding	2008	4.75 - 8.88	97,050,000	93,080,000
1983	2013	8.25 - 9.75	50,000,000	49,610,000
1984	2004	9.00 - 10.38	65,000,000	64,750,000
1986	2004	6.25 - 7.70	35,000,000	35,000,000
			$ 587,050,000	406,085,000
Less unamortized bond discount				4,943,557
				401,141,443
Less current portion				25,260,000
				$ 375,881,443

The certificate providing for the issuance of revenue bonds provides for the levying and collection of minimum net revenues to service and provide reserves for maturing debt principal, interest, sinking fund and replacement and maintenance reserve requirements, and also provides for the maintenance of certain insurance coverage for fire, workers' compensation and public liability. At June 30, 1987, $58,709,628 was on credit in the revenue bond debt service sinking fund and reserve accounts.

Airports Special Facility Revenue Bonds -

Airports entered into three special facility lease agreements, one with Pan American World Airways, Inc. in 1972, one with Western Airlines, Inc. in 1975 and another with Northwest Airlines, Inc. in 1983. The construction of the related facilities was financed by special facility revenue bonds issued by Airports in the amounts of $6,800,000, $2,300,000 and $2,200,000, respectively. These bonds are payable solely from and collateralized by certain rentals and other monies derived from the special facility.

The following is a summary of Airports special facility revenue bonds at June 30, 1987:

	$6,800,000 Issue	$2,300,000 Issue	$2,200,000 Issue	Total
Current portion	$ 200,000	$ 55,000	$ -	$ 255,000
Noncurrent portion	5,250,000	1,875,000	2,200,000	9,325,000
	$ 5,450,000	$ 1,930,000	$ 2,200,000	$ 9,580,000

Other pertinent information on the aforementioned bonds is summarized hereunder:

$6,800,000 Issue

The bonds bear interest at 7.5% and 8% per annum, respectively. The bonds are subject to early redemption at the option of Airports, at prices ranging from 103 to 100 plus interest depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively.

$2,300,000 Issue

These bonds are subject to early redemption at the option of Airports, at prices ranging from 103 to 100 depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively.

$2,200,000 Issue

These bonds have a stated maturity date of November 1, 2002. As of June 30, 1987, the fixed interest rate of the bonds was subject to determination by Airports at the direction of the lessee. The bonds currently bear interest at an annual rate of 60% of the prime interest rate charged by the Norwest Bank of Minneapolis, the bond trustee, subject to a maximum rate of 20% per annum.

The bonds are subject to early redemption on and after November 1, 1992, at the option of Airports, at a price of 100 plus accrued interest and a premium equal to 1/2% of the principal redeemed for each 12-month period from the date of redemption to the stated maturity date of the bonds, or at a price of 100 plus interest if the facilities are destroyed or damaged extensively.

The special facility leases are accounted for and recorded as direct financing leases. The remaining lease payments to be paid by the lessees (including debt service requirements on the special facility revenue bonds) are recorded as a restricted asset and the special facility revenue bonds outstanding are recorded as a liability.

Hawaii Housing Authority Revenue Bonds -

In 1979, the State Legislature enacted Act 50 which, as amended, authorized the issuance of up to $875 million of revenue bonds. Through June 30, 1987, $630 million of revenue bonds have been issued. The revenue bonds are payable solely from and collateralized by the revenues and other monies and assets of HHA (comprised principally of investments and mortgage loans receivable aggregating $450,394,881) which are pledged under the indentures.

At June 30, 1987, such HHA serial and term revenue bonds payable were comprised of the following:

	Year Of Issue	Final Maturity Date	Interest Rate	Original Amount Of Issue	Outstanding
Single family mortgage purchase revenue bonds:					
Series A	1980	2010	7.15 - 8.400%	$ 100,000,000	$ 75,130,000
Series B	1980	2010	7.00 - 9.000	50,000,000	37,325,000
Series A	1982	2001	10.50 - 13.000	60,000,000	3,610,000
Series A	1983	2013	6.25 - 9.500	50,000,000	43,285,000
Series B	1983	2014	7.00 - 10.250	30,000,000	26,990,000
Series C	1983	2013	7.00 - 10.250	61,000,000	48,375,000
Series A	1984	2016	7.20 - 10.500	100,000,000	19,790,000
Series A	1985	2017	7.40 - 9.250	30,000,000	19,540,000
Series A	1986	2016	5.60 - 8.000	40,300,000	40,300,000
Series B	1986	2016	4.75 - 7.375	52,425,000	52,425,000
Home mortgage purchase revenue bonds:					
Series A	1981	1998	10.90 - 13.000	20,000,000	7,835,000
Multi-family housing revenue bonds:					
Series A	1985	2010	Variable	32,000,000	32,000,000
1985 issue	1985	1996	10.350	3,800,000	3,788,793
				$ 629,525,000	410,393,793
Less current portion					23,275,849
					$ 387,117,944

Hawaii Housing Authority Liabilities Collateralized by HUD Annual Contributions -

At June 30, 1987, liabilities collateralized by HUD annual contributions consisted of the following:

U. S. Government loans, bearing interest at the existing rates charged to HUD by the U. S. Treasury (6.25% to 10% at June 30, 1987) maturing in October 1987	$ 71,471,408
Federal Financing Bank, due in decreasing annual payments ranging from $1,076,470 in November 1986 to $252,501 in November 2016 and bearing interest at 6.6%	12,837,820
Housing bonds payable	31,575,000
	$ 115,884,228

Project costs are refinanced periodically to provide long-term financing on the low-rent programs. Property, rental receipts and HUD annual contributions are pledged as collateral.

The U. S. Government loans were incurred in connection with HUD annual contribution contracts in which HUD services the debt through annual contribution payments. On September 11, 1987, HHA adopted a resolution approving an amendment to its consolidated annual contributions contract with HUD in which outstanding U. S. Government loans which meet certain criteria will be forgiven. Subsequently, HHA was notified by HUD that due to certain provisions of the "Consolidated Omnibus Budget Act of 1985," HUD would no longer be making debt service annual contributions on the U. S. Government loans in anticipation of the pending debt forgiveness. HHA expects that substantially all of its U. S. Government loans totaling $71,471,408 will be forgiven during the fiscal year ending June 30, 1988.

As a result of the anticipated cessation of debt service payments by HUD, debt service annual contributions for principal repayment subsequent to June 30, 1986 have not been accrued by HHA. Upon the actual forgiveness of the loans, HHA will recognize as contributed capital an amount equal to the outstanding principal forgiven.

HHA issued housing bonds pursuant to Chapter 356 of the Hawaii Revised Statutes to provide permanent financing for low-income housing projects. The first five issues are callable after 10 years and the remaining issues are callable after 15 years from the date of issue. The housing bonds require annual level debt service payments. HUD's annual contributions for debt service and the excess of project revenues over project expenses are pledged as collateral. Housing bonds payable at June 30, 1987 were comprised of the following:

	Year Of Issue	Final Redemption Date	Interest Rate	Original Amount Of Issue	Outstanding
Housing bonds - Chapter 356:					
1st issue	1950	1991	2.125%	$ 6,050,000	$ 1,015,000
2nd issue	1953	1991	2.375	5,775,000	1,056,000
3rd issue	1955	1996	2.375	1,345,000	463,000
4th issue	1957	1998	3.000	1,195,000	506,000
5th issue	1958	1998	3.500	2,085,000	934,000
6th issue	1959	1998	3.500	2,025,000	926,000
7th issue	1961	2002	3.125	525,000	290,000
8th issue	1964	2005	3.375	8,235,000	5,190,000
9th issue	1964	2005	3.625	1,600,000	1,035,000
10th issue	1965	2006	3.625	3,355,000	2,275,000
11th issue	1966	2007	3.625	1,805,000	1,250,000
12th issue	1966	2007	4.500	3,605,000	2,580,000
13th issue	1968	2009	5.125	2,855,000	2,265,000
14th issue	1970	2009	5.750	14,595,000	11,790,000
					$ 31,575,000

Maturities and sinking fund requirements of Enterprise Funds revenue bonds and liabilities collateralized by HUD annual contributions are as follows:

	Revenue Bonds				Liabilities Collateralized By HUD Annual Contributions
	Airports	Harbors	Hawaii Housing Authority	Total	
Fiscal year ending June 30:					
1988	$ 25,515,000	$ 2,955,000	$ 23,275,849	$ 51,745,849	$ 73,098,581
1989	15,510,000	2,305,000	7,898,119	25,713,119	1,695,220
1990	16,665,000	2,440,000	5,765,623	24,870,623	1,758,274
1991	17,770,000	2,560,000	5,973,405	26,303,405	1,833,451
1992	18,965,000	2,715,000	6,501,488	28,181,488	1,796,761
Thereafter	321,240,000	81,375,000	360,979,309	763,594,309	35,701,941
	415,665,000	94,350,000	410,393,793	920,408,793	115,884,228
Less unamortized bond discount	4,943,557	565,218	-	5,508,775	-
	$ 410,721,443	$ 93,784,782	$ 410,393,793	$ 914,900,018	$ 115,884,228

University Funds:

At June 30, 1987, revenue bonds collateralized by current fund revenues were comprised of the following:

	Series	Interest Rate	Outstanding
Student housing system at Manoa	B, C, D	3.00 - 3.50%	$ 2,526,000
Faculty housing program	A	2.88	300,000
Onizuka Center for International Astronomy	E	9.40	3,000,000
Mauna Kea Observatory Complex power line	F	7.45	1,650,000
			$ 7,476,000

The Onizuka Center for International Astronomy revenue bonds are further secured by separate agreements between the University of Hawaii and two major users of the facility. The agreements provide that these two participants shall pay the University of Hawaii their proportionate share of the principal and interest payments due on the bond indebtedness along with any other cost associated with the bond. The agreements further provide that the participants shall continue to pay their share of the scheduled payments, or pay in full the outstanding balance of their proportionate share of the indebtedness in the event the participants discontinue their involvement with the facility prior to the liquidation of the bond indebtedness.

Total principal and interest payments on these revenue bonds will amount to approximately $210,000 annually to 1995 and in gradually lesser amounts thereafter until 1998 for Series E bonds. The Series F bonds require payments of $123,000 in 1988, $351,000 in 1989, $477,000 in 1990, $470,000 in 1991 and $641,000 in 1992. All of the bond obligations of the University Funds have provisions for early redemption at the option of the University of Hawaii Board of Regents. The premium on bond redemption, as a percentage of the bond principal amount redeemed, range from 0.5% to 2.5%.

Revenue Bonds Authorized But Unissued:

At June 30, 1987, revenue bonds authorized but unissued consisted of the following:

Purpose	Authorized But Unissued
Higher education	$ 1,147,146
Urban redevelopment	889,175,000
Economic development and assistance	235,000,000
Airports	136,981,891
Harbors	4,846,516
	$ 1,267,150,553

Special Purpose Revenue Bonds:

Hawaii Revised Statutes Section 39A authorizes the State (with Legislative approval) to issue special purpose revenue bonds. Proceeds from these bonds are loaned to certain enterprises for projects deemed to be in the public interest. The bonds are not general obligations of the State and are payable solely from monies received by the State under project agreements with the recipients of the bond proceeds. Accordingly, the State has not included these bonds in its general purpose financial statements. Bonds outstanding at June 30, 1987 amounted to $397,725,000. Additionally, at June 30, 1987, special purpose revenue bonds of $188,565,000 were authorized but unissued.

Improvement District Bonds:

The Hawaii Community Development Authority is authorized to issue improvement district bonds under Hawaii Revised Statutes Section 206E. Proceeds from the bond issue are utilized to finance the redevelopment of districts designated by the State Legislature. The bonds are not general obligations of the State and are payable solely by the assessment liens on the real property of the designated district. Accordingly, the State has not included these bonds in its general purpose financial statements. Bonds outstanding as of June 30, 1987 amounted to $3,600,000.

13. Fund Balances

Governmental Fund Types and Expendable Trust Funds:

Changes in the State's fund balances during the fiscal year ended June 30, 1987 are as follows:

	Governmental Fund Types				Expendable Trust Funds
	General	Special Revenue	Debt Service	Capital Projects	
Fund balances (deficit), July 1, 1986:					
Reserved	$ 107,263,899	$ 106,019,924	$ 245,258,105	$ 275,779,488	$ 190,868,750
Unreserved:					
Designated for future expenditures	7,392,434	30,543,455	-	-	-
Undesignated	136,987,396	83,991,560	-	(100,952,505)	-
	251,643,729	220,554,939	245,258,105	174,826,983	190,868,750
Changes in reserved fund balances:					
Increase (decrease) in reserve for continuing appropriations	3,594,797	5,365,898	128,906	(71,656,932)	-
Decrease in reserve for receivables and advances	(1,604,881)	(6,522,717)	-	-	-
Increase in reserve for investments	-	436,047	-	-	-
Decrease in reserve for Federal aid highway projects encumbrances	-	-	-	(15,015,265)	-
Increase in reserve for unemployment compensation and others	-	-	-	-	48,164,979
Increase in reserve for bond redemption	-	-	7,823,326	-	-
Decrease in reserve for loans to Enterprise Funds and University Funds	-	-	(6,053,153)	-	-
	1,989,916	(720,772)	1,899,079	(86,672,197)	48,164,979
Change in unreserved-designated for future expenditures - increase (decrease) in unreserved-designated for future expenditures	16,084,358	(105,830)	-	-	-
Change in unreserved-undesignated fund balances - increase in unreserved-undesignated fund balances	202,108,921	33,997,766	-	76,827,584	-
Fund balances (deficit), June 30, 1987:					
Reserved	109,253,815	105,299,152	247,157,184	189,107,291	239,033,729
Unreserved:					
Designated for future expenditures	23,476,792	30,437,625	-	-	-
Undesignated	339,096,317	117,989,326	-	(24,124,921)*	-
	$ 471,826,924	$ 253,726,103	$ 247,157,184	$ 164,982,370	$ 239,033,729

*Amount is shown net of unreserved fund balances - designated for future expenditures totaling $529,117,073 at June 30, 1987.

At June 30, 1987, the Expendable Trust Funds fund balance reserved for unemployment compensation and other consisted of the following:

Unemployment compensation	$ 222,764,137
Medical malpractice patients' compensation	426,585
Other	15,843,007
	$ 239,033,729

At June 30, 1987, the deficit in the Capital Projects Fund resulted from allotted appropriations in excess of general obligation bonds issued.

At June 30, 1987, the accumulated deficit of $183,976 resulting primarily from significant reductions in the carrying values of dwelling unit inventory and land held for future development of HHA's Dwelling Unit Revolving Fund.

14. Changes in General Long-Term Obligations Account Group

Changes in the General Long-Term Obligations Account Group are as follows:

	General Obligation Bonds Payable	Notes, Loans And Installment Contracts Payable	Accrued Vacation Payable	Claims And Judgments Payable	Total
Balance, July 1, 1986	$ 1,651,898,590	$ 10,218,391	$ 69,754,905	$ 5,900,000	$ 1,737,771,886
Bonds issued	533,191,150	-	-	-	533,191,150
Additions to installment contracts payable	-	269,654	-	-	269,654
Retirement of installment contracts payable	-	(1,125,164)	-	-	(1,125,164)
Retirement and extinguishment of notes and bonds payable	(438,432,267)	(564,315)	-	-	(438,996,582)
Net decrease in accrued vacation payable	-	-	(4,342,080)	-	(4,342,080)
Net increase in claims and judgments payable	-	-	-	7,400,000	7,400,000
Balance, June 30, 1987	$ 1,746,657,473	$ 8,798,566	$ 65,412,825	$ 13,300,000	$ 1,834,168,864

15. Segment Information - Enterprise Funds

The State has four Enterprise Fund segments which account for the operations of Airports, Harbors, Hawaii Housing Authority and State Hospitals. Segment information as of and for the fiscal year ended June 30, 1987 is as follows:

	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total
Operating revenues	$ 117,287,854	$ 26,473,902	$ 73,351,961	$ 85,402,610	$ 302,516,327
Operating expenses:					
Depreciation	16,910,334	2,964,758	6,249,981	5,525,667	31,650,740
Other	54,705,677	14,313,912	82,829,095	87,463,588	239,312,272
	71,616,011	17,278,670	89,079,076	92,989,255	270,963,012
Operating income (loss)	45,671,843	9,195,232	(15,727,115)	(7,586,645)	31,553,315
HUD annual contributions	-	-	17,496,249	-	17,496,249
Interest income	15,521,433	4,168,967	-	-	19,690,400
Interest expense	(27,050,061)	(7,211,423)	-	-	(34,261,484)
Nonoperating revenue (expense)	63,029	302,262	-	(1,384,848)	(1,019,557)
Other financing sources	-	-	1,203,553	14,748,030	15,951,583
Income before extraordinary item	34,206,244	6,455,038	2,972,687	5,776,537	49,410,506
Extraordinary item - loss from early redemption of revenue bonds payable	-	-	(2,282,224)	-	(2,282,224)
Net income	$ 34,206,244	$ 6,455,038	$ 690,463	$ 5,776,537	$ 47,128,282
Capital contributions, net of depreciation charge	$ 5,773,104	$ 195,517	$ (638,409)	$ -	$ 5,330,212
Total assets	854,640,095	272,402,277	718,145,660	149,656,656	1,994,844,688
Total liabilities	493,977,487	116,256,495	574,087,896	56,994,301	1,241,316,179
Fund equity	$ 360,662,608	$ 156,145,782	$ 144,057,764	$ 92,662,355	$ 753,528,509
Additions to property, plant and equipment	$ 78,088,001	$ 8,246,480	$ 7,584,972	$ 7,129,860	$ 101,049,313
Proceeds from sale of bonds	$ 336,385	$ 22,672,465	$ 52,425,000	$ -	$ 75,433,850

16. Interfund Receivables and Payables

Interfund receivables and payables consist of the following at June 30, 1987:

	Due From	Due To	Advances To	Advances From
General Fund:				
Special Revenue Funds	$ 350,000	$ -	$ 357,094	$ -
Debt Service Fund	-	172,346	-	-
Enterprise Funds	39,655	-	13,175,039	-
Trust and Agency Funds	95,622,402	-	-	-
University Funds	-	12,622,738	-	-
	96,012,057	12,795,084	13,532,133	-
Special Revenue Funds:				
General Fund	-	350,000	-	357,094
Trust and Agency Funds	643,502	-	-	-
	643,502	350,000	-	357,094
Debt Service Fund:				
General Fund	172,346	-	-	-
Capital Projects Fund:				
Enterprise Funds	-	247,456	-	-
University Funds	-	1,650,000	-	-
	-	1,897,456	-	-
Enterprise Funds:				
General Fund	-	39,655	-	13,175,039
Capital Projects Fund	247,456	-	-	-
	247,456	39,655	-	13,175,039
Trust and Agency Funds:				
General Fund	-	95,622,402	-	-
Special Revenue Funds	-	643,502	-	-
	-	96,265,904	-	-
University Funds:				
General Fund	12,622,738	-	-	-
Capital Projects Fund	1,650,000	-	-	-
Internal University Funds	559,506	559,506	-	-
	14,832,244	559,506	-	-
	$ 111,907,605	$ 111,907,605	$ 13,532,133	$ 13,532,133

17. Operating Leases

Governmental Fund Types and Expendable Trust and Agency Funds:

The State leases office facilities and equipment under various operating leases expiring through 1991. Minimum annual rental commitments under noncancelable leases with initial or remaining terms of one year or more are presented as follows:

Fiscal year ending June 30:	
1988	$ 5,805,000
1989	3,350,000
1990	1,253,000
1991	598,000
1992	24,000
	$ 11,030,000

Rent expenditures for the fiscal year ended June 30, 1987 amounted to $12,806,000.

Proprietary Fund Type - Enterprise Funds:

Airport-Airline Lease Agreement -

Airports has entered into an airport-airline lease agreement with 22 major airline carriers which expires on July 31, 1992. The lease agreement provides to the lessees the nonexclusive right to use the State's airport system facilities, equipment, improvements and services, in addition to occupying certain premises and facilities. In return, the lessees agreed to pay an airport use charge based on a computed rate per 1,000-pound units of approved maximum landing weight for each aircraft used in revenue landings. The current rate is calculated by dividing the excess of estimated airport expenses over estimated airport revenues by the estimated approved maximum landing weight for all the airlines under the agreement for the fiscal year. The interisland airport use charge is set at 24% of the use charge for overseas flights during 1987. This method of computing the use charge is subject to renegotiation in 1987. For the fiscal year ended June 30, 1987, actual airport expenses exceeded airport revenues, as defined by the airport-airline lease agreement, resulting in airport use charges of $2,466,575.

The agreement established a prepaid airport use charge fund which would consist of any excess payments of the airport use charge over the amount required (excess of expenses over revenues) for the immediately preceding fiscal year. Normally, the amount in this account is used in the computation of the use charge for the first six months of the next fiscal year. Should the amount in this account exceed 10% of the total airport use charge for the fiscal year, the airlines may advise disposition for use of such excess towards capital improvement projects, retirement of outstanding bond indebtedness, the major maintenance fund, the additional prepaid airport use charge fund or other purposes. For the fiscal year ended June 30, 1987, the excess payments of airport use charge amounted to $9,631,278.

Other Leases -

Airports leases building spaces and improvements to concessionaires, airline carriers and other airport users. The terms of these leases range from 5 to 15 years for concessions, 10 to 20 years for airline carriers and 5 to 55 years for other airport users. Concessionaire lease rentals are generally based on the greater of a percentage of sales or a basic minimum rent. Percentage rent included in concession fee income for the fiscal year ended June 30, 1987 was approximately $57,165,000.

Harbors leases land, wharf and building space under month-to-month revocable permits and long-term leases. The long-term leases expire in various years through 2027. These leases generally call for rental increases every ten years based on independent appraisals of the fair market value of the leased property.

HHA leases land to developers and home buyers. The leases are generally for 55 years with the last 25 years lease rent negotiated based on the fair market value of the land. Lease rent income for the fiscal year ended June 30, 1987 was approximately $377,000.

The following schedule approximates future minimum lease rentals under noncancelable operating leases of the Enterprise Funds as of June 30, 1987:

	Airports	Harbors	Hawaii Housing Authority	Total
Fiscal year ending June 30:				
1988	$ 45,400,000	$ 3,400,000	$ 369,000	$ 49,169,000
1989	21,900,000	3,500,000	375,000	25,775,000
1990	20,900,000	3,100,000	455,000	24,455,000
1991	19,800,000	2,600,000	456,000	22,856,000
1992	16,400,000	2,100,000	456,000	18,956,000
Thereafter	53,100,000	31,900,000	19,871,000	104,871,000
	$ 177,500,000	$ 46,600,000	$ 21,982,000	$ 246,082,000

18. Retirement Benefits

Employees' Retirement System:

All eligible employees of the State and counties are required by Section 88 of the Hawaii Revised Statutes to become members of ERS. Prior to June 30, 1984, the plan was only a contributory plan. In 1984, legislation was enacted to create a new noncontributory plan for members of the ERS who are also covered under social security. Police officers, firefighters, judges, elected officials and persons employed in positions not covered by social security were excluded from the noncontributory plan. The noncontributory plan provides for reduced benefits and covers most eligible employees hired after June 30, 1984. Employees hired before that date were given the option of remaining in the contributory plan or joining the new noncontributory plan and receiving a refund of employee contributions.

The ERS consists of a Pension Accumulation Fund which provides basic pension benefits and a Post Retirement Fund which provides annual increases to individuals receiving pensions. Employer contributions to both funds are comprised of normal cost plus level annual payments required to liquidate the unfunded accrued liability of both funds. The ERS uses the frozen initial liability method and the entry age normal cost method for the Pension Accumulation Fund and Post Retirement Fund, respectively, to calculate the unfunded accrued liability for each fund.

Required contributions to the ERS are based on actuarial valuations and include the amortization of accrued unfunded liability over 50 years from July 1, 1964. The State's policy is to fund its required contribution annually. Contributions for the fiscal year ended June 30, 1987 by Governmental Funds, Enterprise Funds and University Funds amounted to approximately $84,389,200, $9,103,000 and $17,073,000, respectively. Contributions by Special Revenue Funds, Enterprise Funds and University Funds are based upon a percentage assessment of actual payroll.

Actuarial valuations are prepared for the entire ERS and are not separately computed for the State and each county. The actuarial report does not provide the actuarially computed value of vested benefits. Instead, the following data for the entire ERS is provided as of the latest available report dated June 30, 1986:

Net assets available for benefits	$ 2,690,810,800
Present value of future employee contributions	429,051,200
Present value of future employer normal cost contributions	1,314,777,700
Unfunded accrued liability	470,117,400
	$ 4,904,757,100
Present value of benefits to current pensioners and beneficiaries	1,267,986,300
Present value of future benefits to active employees and inactive members	3,636,770,800
	$ 4,904,757,100

The actuarial valuation as of June 30, 1986 is based on an assumed investment yield of 8%. Estimated earnings in excess of the assumed rate are used to reduce required contributions.

Post Retirement Health Care and Life Insurance Benefits:

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired State employees. Contributions are based upon negotiated collective bargaining agreements. State contributions for post retirement benefits which are funded as accrued aggregated $18,965,227 in 1987.

19. Commitments and Contingencies

Accumulated Sick Leave:

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, but can be taken only in the event of illness and is not convertible to pay upon termination of employment. However, a State employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the ERS. At June 30, 1987, accumulated sick leave approximated $476,800,000.

Deferred Compensation Plan:

In 1983, the State established a deferred compensation plan which enables State employees to defer a portion of their compensation. Deferred compensation payable at June 30, 1987 amounted to approximately $57,080,717.

Intergovernmental Expenditures:

Under Hawaii Revised Statutes Section 248-6, the State must provide at least $31,448,000 annually in grants-in-aid to the counties.

Loan Commitments and Guarantee:

In connection with the 1983 Series B, 1983 Series C and 1984 Series A Bonds, the HHA had outstanding commitments to purchase loans from participating lenders of approximately $51,064,614 at June 30, 1987. HHA also had outstanding commitments to fund interim construction loans of approximately $18,600,000.

HHA has a mortgage loan guarantee of $40,000,000 to the ERS. HHA has guaranteed that upon the 120th day of delinquency or any default, it will either cure the arrearage of principal and interest or repurchase the delinquent loan. At June 30, 1987, approximately $25,000,000 in mortgage loans sold to the ERS are covered by the loan guarantee.

Construction and Service Contracts:

At June 30, 1987, the Enterprise Funds had commitments of approximately $78,920,000 for construction and service contracts.

Insurance Coverage:

The State maintains certain insurance coverage to satisfy bond indenture agreements as well as for other purposes, but is substantially self-insured for all other perils including workers' compensation. Expenditures for workers' compensation are appropriated annually.

Tax Refund:

The State Constitution, as amended in 1978, provides that, beginning July 1, 1978, whenever the General Fund balance at the close of each two successive fiscal years exceeds 5% of General Fund revenues for each of the two fiscal years, the State Legislature, in the next regular session, must provide for a tax refund or tax credit to the taxpayers of the State. On May 19, 1987, Act 51 was approved, providing for a general income tax credit of $1 for each qualified exemption to be deducted from income tax liability for the taxable year 1987. This tax credit is estimated to reduce income tax revenues by $1,078,000 for the fiscal year ending June 30, 1988.

Litigation:

General -

The State has been named defendant in numerous lawsuits and claims arising in the normal course of operations. To the extent that the outcome of such litigation has been determined to result in probable financial loss to the State, such loss has been accrued in the general purpose financial statements. Of the remaining claims which aggregate approximately $510,000,000, a number of claims may possibly result in adverse judgments against the State. However, such claim amounts cannot be reasonably estimated. The litigation payments for the fiscal years ended June 30, 1987, 1986 and 1985 approximated $8,867,000, $5,189,000 and $6,352,000, respectively.

Public Land Trust -

The State is currently a defendant in a series of complaints involving trust lands and the allocation of a reasonable portion of future revenues from certain public trust lands for the betterment of native Hawaiians. Most of the complaints have been dismissed or are in the process of being dismissed; however, complaints seeking to invalidate several State statutes and either to invalidate the reservation of public lands for airports use, among others, or to require the payment of reasonable compensation for the use of such lands by the State into a separate trust account (for the benefit of native Hawaiians) are currently pending.

Airports Lease -

During fiscal 1987, an exchange deed was fully executed to be effective as of April 1986 which terminated a prior year litigation over State Department of Hawaiian Home Land property utilized by Airports.

In the opinion of the State Attorney General, the outcome of all contingencies and litigation will not have a material adverse effect on the financial position of the Enterprise Funds and the State.

20. Extraordinary Item

Hawaii Housing Authority:

During the fiscal year ended June 30, 1987, HHA redeemed bonds totaling $100,920,000. The deferred bond issue costs of $2,282,224 related to the early redemption of bonds were written off at the time the early redemption was approved and is reflected as an extraordinary item in the Enterprise Funds. HHA has approved the early redemption of bonds totaling $18,705,000 as of July 1, 1987.

21. Subsequent Events

Protested Liquor Tax Payments:

Subsequent to June 30, 1987, the State reached a settlement with the liquor wholesalers over the protested liquor tax payments held in the Trust and Agency Funds totaling $114,763,133. The State agreed to refund $19,140,731 to the liquor wholesalers. The remaining $95,622,402 is reflected as tax revenues for GAAP purposes for the fiscal year ended June 30, 1987.

Reorganization of HHA:

Effective July 1, 1987, the housing finance and development functions of HHA were transferred to a new entity, the Housing Finance and Development Corporation (HFDC). HFDC is administratively attached to the Department of Planning and Economic Development (renamed the Department of Business and Economic Development). The reorganization is pursuant to an Act of the 1987 Hawaii State Legislature.

The details of the reorganization such as which funds and staff members will be transferred from HHA to HFDC are not yet known. The reorganization is expected to be completed during the fiscal year ending June 30, 1988.

Subsequent Bond Issues:

General Obligation Bonds -

Subsequent to June 30, 1987, the State issued callable general obligation bonds, Series BJ dated December 1, 1987, amounting to $80,000,000 with interest rates ranging from 6.75% to 7.7% per annum maturing serially through 2007. The bonds are being issued for the purpose of financing part of the costs of the construction, extension, or improvement of various public projects, among which are public buildings and facilities, elementary and secondary schools, community college and university facilities, parks and other public purposes.

Airports Revenue Bonds -

On October 1, 1987, Airports issued $85,000,000, Series 1987, of Airports revenue bonds with interest rates ranging from 6.25% to 8.25%. The bonds were issued to finance the construction of certain Airports facilities.

GENERAL FUND

The General Fund is the general operating fund of the State. It is used to account for all financial resources except those accounted for in other funds. Expenditures include those for education, welfare, general government, public safety, health, culture and recreation, and conservation of natural resources.

STATE OF HAWAII

EXHIBIT B-1

BALANCE SHEET - GENERAL FUND
JUNE 30, 1987

ASSETS

CASH AND SHORT-TERM CASH INVESTMENTS		$ 389,220,470
RECEIVABLES		
Taxes	$ 24,037,479	
Notes	5,765,863	
Other	123,500	
Total receivables		29,926,842
DUE FROM OTHER FUNDS		
Special Revenue Funds	350,000	
Enterprise Funds	39,655	
Trust and Agency Funds	95,622,402	
Total due from other funds		96,012,057
ADVANCES TO OTHER FUNDS		
Special Revenue Funds	357,094	
Enterprise Funds	13,175,039	
Total advances to other funds		13,532,133
TOTAL ASSETS		$ 528,691,502

LIABILITIES AND FUND EQUITY

LIABILITIES		
Vouchers payable		20,032,015
Due to other funds:		
Debt Service Funds	172,346	
University Funds	12,622,738	
Total due to other funds		12,795,084
Deferred revenue		24,037,479
Total liabilities		56,864,578
FUND EQUITY		
Reserved for continuing appropriations:		
Unencumbered allotments	4,958,483	
Unliquidated encumbrances	84,873,836	
	89,832,319	
Reserved for receivables and advances	19,421,496	
Unreserved fund balance:		
Designated for future expenditures	23,476,792	
Undesignated	339,096,317	
Total fund equity		471,826,924
TOTAL LIABILITIES AND FUND EQUITY		$ 528,691,502

STATE OF HAWAII

EXHIBIT B-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

REVENUES		
Taxes		
General excise tax	$ 805,294,445	
General excise licenses	411,325	
Net income tax:		
Corporations	61,516,739	
Individuals	542,315,221	
Inheritance and estate tax	5,177,736	
Liquor permits and tax	130,169,051	
Public service company tax	61,791,619	
Public service company fees	2,509,727	
Tobacco tax	19,060,096	
Tax on premiums of insurance companies	35,252,007	
Franchise tax (banks and other financial institutions)	15,276,289	
Transient accommodations tax	23,510,432	
Other taxes, primarily conveyances tax	3,575,720	
Total taxes		$ 1,705,860,407
Non-taxes		
Interest and investment income	42,491,845	
Charges for current services	59,095,859	
Intergovernmental	10,974,015	
Rentals	4,605,479	
Fines, forfeitures and penalties	11,520,538	
Licenses and fees	3,031,927	
Revenues from private sources	2,375,695	
Other	10,356,422	
Total non-taxes		144,451,780
Total revenues		1,850,312,187
OTHER FINANCING SOURCES		
Operating transfers in from Debt Service Funds		39,462,281
TOTAL REVENUES AND OTHER FINANCING SOURCES		$ 1,889,774,468

STATE OF HAWAII

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCE - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

EXPENDITURES		
General government	$ 162,043,788	
Public safety	75,020,577	
Conservation of natural resources	17,546,646	
Health	97,620,273	
Welfare	197,127,669	
Lower education	424,787,405	
Other education	6,790,657	
Culture and recreation	22,131,502	
Economic development and assistance	22,469,034	
Intergovernmental	31,373,045	
Social security and pension contributions	108,027,034	
Other	5,105,456	
Total expenditures		$ 1,170,043,086
OTHER FINANCING USES		
Operating transfers out to:		
Special Revenue Funds	1,365,488	
Debt Service Funds	251,236,668	
Enterprise Funds	12,794,561	
University Funds	232,546,589	
Total other financing uses		497,943,306
TOTAL EXPENDITURES AND OTHER FINANCING USES		1,667,986,392
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		221,788,076
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCE		
Add:		
Continuing appropriations, July 1, 1986	86,237,522	
Unreserved-designated for future expenditures, July 1, 1986	7,392,434	
Deduct:		
Continuing appropriations, June 30, 1987	89,832,319	
Unreserved-designated for future expenditures, June 30, 1987	23,476,792	
Total other changes in unreserved-undesignated fund balance		(19,679,155)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCE		202,108,921
UNRESERVED-UNDESIGNATED FUND BALANCE, JULY 1, 1986		136,987,396
UNRESERVED-UNDESIGNATED FUND BALANCE, JUNE 30, 1987		$ 339,096,317

STATE OF HAWAII

EXHIBIT B-3

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES			
Taxes			
General excise tax	$ 738,907,000	$ 805,294,445	$ 66,387,445
General excise licenses	375,000	411,325	36,325
Net income tax:			
Corporations	43,170,000	61,516,739	18,346,739
Individuals	504,788,000	542,315,221	37,527,221
Inheritance and estate tax	7,102,000	5,177,736	(1,924,264)
Liquor permits and tax	10,817,000	34,546,649	23,729,649
Public service company tax	74,109,000	61,791,619	(12,317,381)
Public service company fees	2,700,000	2,509,727	(190,273)
Tobacco tax	20,313,000	19,060,096	(1,252,904)
Tax on premiums of insurance companies	36,100,000	35,252,007	(847,993)
Franchise tax (banks and other financial institutions)	4,279,000	15,276,289	10,997,289
Transient accommodations tax	-	23,510,432	23,510,432
Other taxes, primarily conveyances tax	2,164,000	3,575,720	1,411,720
Total taxes	1,444,824,000	1,610,238,005	165,414,005
Non-taxes			
Interest and investment income	45,028,883	42,491,845	(2,537,038)
Charges for current services	53,810,333	59,095,859	5,285,526
Intergovernmental	10,375,828	10,974,015	598,187
Rentals	5,049,507	4,605,479	(444,028)
Fines, forfeitures and penalties	136,500	11,520,538	11,384,038
Licenses and fees	3,205,193	3,031,927	(173,266)
Revenues from private sources	829,610	2,375,695	1,546,085
Other	5,941,935	10,356,422	4,414,487
Total non-taxes	124,377,789	144,451,780	20,073,991
Total revenues	1,569,201,789	1,754,689,785	185,487,996
OTHER FINANCING SOURCES			
Operating transfers in from Debt Service Funds	41,440,010	39,462,281	(1,977,729)
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 1,610,641,799	$ 1,794,152,066	$ 183,510,267

STATE OF HAWAII

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
EXPENDITURES			
General government	$ 243,373,228	$ 165,311,872	$ 78,061,356
Public safety	76,613,361	79,661,691	(3,048,330)
Conservation of natural resources	16,726,305	17,987,521	(1,261,216)
Health	96,846,478	99,633,144	(2,786,666)
Welfare	202,780,855	189,642,819	13,138,036
Lower education	407,170,503	429,481,651	(22,311,148)
Other education	6,333,156	6,823,604	(490,448)
Culture and recreation	28,735,416	29,858,272	(1,122,856)
Economic development and assistance	24,366,824	24,903,443	(536,619)
Intergovernmental	31,447,551	31,373,045	74,506
Social security and pension contributions	103,534,085	108,045,723	(4,511,638)
Other	11,121,114	11,154,031	(32,917)
Total expenditures	1,249,048,876	1,193,876,816	55,172,060
OTHER FINANCING USES			
Operating transfers out to:			
Special Revenue Funds	1,365,488	1,365,488	-
Debt Service Funds	252,646,296	251,236,668	1,409,628
Enterprise Funds	12,869,456	12,794,561	74,895
University Funds	216,378,378	232,895,859	(16,517,481)
Total other financing uses	483,259,618	498,292,576	(15,032,958)
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,732,308,494	1,692,169,392	40,139,102
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND OTHER FINANCING USES	$ (121,666,695)	$ 101,982,674	$ 223,649,369

STATE OF HAWAII

SCHEDULE B-4

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

Functions of Government	Actual (GAAP Basis)	Carryover Appropriations And Designations July 1, 1986	Carryover Appropriations And Designations June 30, 1987	Lapses Of Prior Appropriations	Actual On A Budgetary Basis	Budgeted Appropriations	Variance - Favorable (Unfavorable)	Transfers And Other Credits	Lapses Of Current Appropriations
General government	$ 162,043,788	$15,550,952	$ 18,333,263	$ 485,773	$ 165,311,872	$ 243,373,228	$78,061,356	$(70,528,242)	$ 7,533,114
Public safety . . .	75,020,577	7,603,538	11,726,047	518,605	79,661,691	76,613,361	(3,048,330)	5,963,137	2,914,807
Conservation of natural resources	17,546,646	1,544,252	1,944,055	41,072	17,987,521	16,726,305	(1,261,216)	1,387,756	126,540
Health	97,620,273	7,947,350	9,406,990	553,231	99,633,144	96,846,478	(2,786,666)	5,957,247	3,170,581
Welfare	197,127,669	15,610.735	7,012,933	1,112,952	189,642,819	202,780,855	13,138,036	1,493,436	14,631,472
Lower education . .	424,787,405	36,556,927	40,307,043	944,130	429,481,651	407,170,503	(22,311,148)	31,439,314	9,128,166
Other education . .	6,790,657	1,218,520	961,066	290,401	6,823,604	6,333,156	(490,448)	692,778	202,330
Culture and recreation	22,131,502	2,567,253	10,154,118	139,905	29,858,272	28,735,416	(1,122,856)	1,553,235	430,379
Urban redevelopment and housing . . .	-	60,063	60,063	-	-	-	-	-	-
Economic development and assistance .	22,469,034	3,703,829	6,094,237	44,001	24,903,443	24,366,824	(536,619)	684,991	148,372
Intergovernmental .	31,373,045	-	-	-	31,373,045	31,447,551	74,506	-	74,506
Social security and pension contributions	108,027,034	38,303	42,297	14,695	108,045,723	103,534,085	(4,511,638)	4,570,177	58,539
Other	5,105,456	1,228,234	7,266,999	9,810	11,154,031	11,121,114	(32,917)	35,000	2,083
Total expenditures	1,170,043,086	93,629,956	113,309,111	4,154,575	1,193,876,816	1,249,048,876	55,172,060	(16,751,171)	38,420,889
Other financing uses: Operating transfers out to other funds:									
Special Revenue Funds . . .	1,365,488	-	-	-	1,365,488	1,365,488	-	-	-
Debt Service Funds . . .	251,236,668	-	-	-	251,236,668	252,646,296	1,409,628	(6,071)	1,403,557
Enterprise Funds . . .	12,794,561	-	-	-	12,794,561	12,869,456	74,895	20,702	95,597
University Funds . . .	232,546,589	-	-	349,270	232,895,859	216,378,378	(16,517,481)	16,736,540	219,059
Total other financing uses	497,943,306	-	-	349,270	498,292,576	483,259,618	(15,032,958)	16,751,171	1,718,213
TOTAL EXPENDITURES AND OTHER FINANCING USES	$1,667,986,392	$93,629,956	$113,309,111	$4,503,845	$1,692,169,392	$1,732,308,494	$40,139,102	$ -	$40,139,102

STATE OF HAWAII

SCHEDULE B-5

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Obligations	Resources
UNRESERVED-UNDESIGNATED FUND BALANCE, JULY 1, 1986		$ 136,987,396
Actual revenues	$ -	1,794,152,066
Accrual excluded from budgetary basis	-	95,622,402
Appropriations authorized	1,732,308,494	-
Unrequired balances of appropriations lapsed	-	44,642,947
Total	1,732,308,494	2,071,404,811
UNRESERVED-UNDESIGNATED FUND BALANCE, JUNE 30, 1987		$ 339,096,317

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

			Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1985 - effective July 1, 1986:				
SL 85	A132	Interstate Compact on Placement of Children	$ 36,761	$ 36,226
	A134	Public Employees Health Fund contributions	221,272	-
	A171	Collective bargaining cost items for 1986-1987	76,004,775	28,130
		Collective bargaining cost items - Judiciary for 1986-1987	3,094,044	-
	A172	Collective bargaining cost items for State officers and excluded employees for 1986-1987	8,030,095	2,340
		Collective bargaining cost items for officers and excluded employees - Judiciary for 1986-1987	548,706	-
		Collective bargaining cost items for officers and excluded employees - Office of Hawaiian Affairs for 1986-1987	28,606	2,043
	A193	Office of Hawaiian Affairs	568,275	39
	A272	Domiciliary care	127,202	22,416
	A296	Hawaii Workers' Compensation State Fund - Commerce and Consumer Affairs	100,000	730
		Hawaii Workers' Compensation State Fund - Labor and Industrial Relations	742,770	-
			89,502,506	91,924
Appropriations authorized by State Legislature in regular session of 1986 - effective July 1, 1986:				
SL 86	A1	Office of the Legislative Auditor	1,439,000	40,979
		Special studies and other requests of the Legislature	150,000	114,000
		State Ethics Commission	277,549	29,008
		Legislative Reference Bureau	1,353,491	30,013
		Western Legislative Conference of the Council of State Governments	25,000	-
		Office of the Ombudsman	390,400	30,185

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

Detailed List of Appropriations Authorized and Unrequired Balances of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1986 - effective July 1, 1986 (continued):			
A128	Salary increases and retroactive salary payments for Executive Branch officers and employees	$ 1,056,360	$ 14,040
	Salary increases and retroactive salary payments for justices, judges and Judicial Branch officers	1,196,864	-
	Salary increases and retroactive salary payments for the Legislative Auditor and the First Deputy Auditor	50,517	16,279
	Salary increases and retroactive salary payments for the Director and the Director's First Assistant - Legislative Reference Bureau	62,343	-
	Salary increase and retroactive salary payment for the Executive Director - State Ethics Commission	11,340	-
	Salary increases and retroactive salary payments for the Ombudsman and the Ombudsman's First Assistant	47,926	-
A157	Job evaluation study	150,000	-
A159	Tourism Impact Management System	100,000	1,293
A160	Child Abuse and Neglect Discretionary Emergency Assistance Program	20,000	19,800
A169	Children's Advocacy Program	100,000	-
A197	State standards for underground storage tanks	25,000	13,075
A220	Development and implementation of Groundwater Protection and Risk Assessment Program	190,000	31,947
A228	Judgment against Department of Education, State of Hawaii vs. Terrel Bell	1,829,781	-
A236	State's Rental Assistance Program	1,500,000	-
A241	Interisland travel costs for registration of applicants for identification certificates	3,500	-
A243	Planning and design of Statewide Computerized Juvenile Justice Information System	127,000	-
A246	Computerized Land Title Registration System	225,000	-
A251	Jurors' compensation	619,500	-
A254	Sugar research and development	2,000,000	-
A255	Development and implementation of State Hazardous Waste Program	180,000	51,755
A256	Establishment and implementation of Statewide Kapu System for Ocean Resources	50,000	113
A260	Study for the formulation of a human resources development policy	50,000	7,268
A261	Master plan for the promotion and development of Hawaii as a sports center	50,000	-
A280	Relocation and expansion of Saint Francis Hospital's renal dialysis facility at Maui Memorial Hospital	350,000	-
A281	Main Street Task Force	25,000	-
A297	Criminal history record checks for child care facilities' operators and employees	60,000	4,647
A304	Workers' Compensation Self-Insurance Groups Program	153,000	129,640
A311	"Dial Law" Program	22,500	-

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

Detailed List of Appropriations Authorized and Unrequired Balances
of Appropriations Lapsed - Classified by Legislative Acts

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1986 - effective July 1, 1986 (continued):			
A315	Employee Stock Ownership Program	$ 15,000	$ 11,090
A316	Implementation of criminal history record checks required by "Child Protective Act"	18,000	3,424
A328	Regulation of adult foster care homes and study of developmentally disabled adult care needs	24,000	7,355
A332	Child support enforcement - Judiciary	51,561	-
	Child support enforcement - Social Services and Housing	2,341,456	1,474,669
A340	Transient accommodations tax	779,920	1,658
A345	Capital improvements, general appropriations of 1986	30,000,000	-
	General appropriations of 1986 for 1986-1987	1,534,172,720	35,793,559
	Development of implementation plan of Hawaii Workers' Compensation State Fund	200,000	-
A348	Courts of Appeals	2,601,912	55,495
	Administrative Director Services	7,953,157	86,519
	Circuit Courts	10,925,544	561,777
	Family Courts	9,823,186	653,896
	District Courts	13,459,316	709,453
		1,626,256,843	39,892,937
Appropriations authorized by State Legislature in first special session of 1986 - effective prior to June 30, 1987:			
SSL 86 A2	Subsidy payments for liability insurance premiums and reform of liability insurance regulatory system	500,000	12,968
	Court Annexed Arbitration Program	200,000	-
		700,000	12,968
Appropriations authorized by State Legislature in regular session of 1987 - effective prior to June 30, 1987:			
SL 87 A1	Session and non-session expenses of the Senate	2,846,853	-
	Session and non-session expenses of the House of Representatives	3,713,695	-
A19	Support of the 1990 America's Cup in Hawaiian Waters	300,000	-
A215	Legislative relief claims - overpayment of taxes	138,522	-
	Legislative relief claims - other than overpayment of taxes	6,898,835	-
A226	Salary increase and retroactive salary payment for State Public Defender	3,078	3,078
S296	Criminal Injuries Compensation Fund	512,562	-
		$ 14,413,545	$ 3,078

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

Detailed List of Appropriations Authorized and Unrequired Balances
of Appropriations Lapsed - Classified by Legislative Acts

			Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Constitution:				
		Salaries:		
		Members of the Senate	$ 390,000	$ 4,648
		Members of the House of Representatives	795,600	2,096
			1,185,600	6,744
Special and continuous appropriations authorized by the Hawaii Revised Statutes:				
HRS	185-4	Firefighters' Contingency Fund	250,000	131,451
Unrequired balance of appropriations in force June 30, 1987 - lapsed:				
SSL	77 A10	General appropriations of 1977, for 1977-1979	-	1,183
SL	79 A214	Capital improvements, general appropriations of 1979	-	196,413
		General appropriations of 1979, for 1979-1981	-	2,600
SSL	81 A1	Capital improvements, general appropriations of 1981	-	232,059
		General appropriations of 1981, for 1981-1983	-	50,803
SL	83 A1	Office of the Legislative Auditor	-	26,545
	A301	General appropriations for 1983, for 1983-1985	-	16,539
SL	84 A285	Capital improvements, general appropriations of 1984	-	87,368
		General appropriations of 1984, for 1984-1986	-	96,418
SL	85 A1	Session and nonsession expenses of the Senate	-	5,419
		Correction of prior General Fund lapse	-	(2,106)
		Office of the Legislative Auditor	-	6,129
		Office of the Ombudsman	-	497
		State Ethics Commission	-	18
	A132	Interstate Compact on Placement of Children	-	2,717
	A148	State of Hawaii Land Evaluation and Site Assessment Commission	-	47
	A169	Courts of Appeals	-	8,485
		Administrative Director Services	-	93,221
		Circuit Courts	-	23,973
		Family Courts	-	31,067
		District Courts	-	30,230
	A193	Office of Hawaiian Affairs	-	603
	A296	Hawaii Workers' Compensation State Fund - Commerce and Consumer Affairs	-	1,209
		Hawaii Workers' Compensation State Fund - Labor and Industrial Relations	-	3,674
	A300	General appropriations of 1985, for 1985-1986	-	3,544,657

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED-UNDESIGNATED
FUND BALANCE - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

Detailed List of Appropriations Authorized and Unrequired Balances
of Appropriations Lapsed - Classified by Legislative Acts

			Appropriations Authorized	Unrequired Balances Lapsed
Unrequired balance of appropriations in force June 30, 1987 - lapsed (continued):				
SL	86 A1	Session and non-session expenses of the Senate	$ -	$ 3,740
		Senate Contingency Fund 1986 session	-	7,648
		Session and nonsession expenses of the House of Representatives	-	643
		House of Representatives Contingency Fund 1986 session	-	14,859
	A128	Salary increases and retroactive salary payments for Executive Branch officers and employees	-	7,020
	A168	Criminal Injuries Compensation Fund	-	1
	A270	Legislative relief claims - other than overpayment of taxes	-	9,211
HRS	185-4	Firefighters' Contingency Fund	-	784
			-	4,503,845
			$ 1,732,308,494	$ 44,642,947

SPECIAL REVENUE FUNDS

The Special Revenue Funds category is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The major Special Revenue Funds are presented separately in the accompanying financial statements, with the remainder grouped as a single entity. The major Special Revenue Funds are as follows:

Highways - plans and supervises the construction and maintenance of the State highway system. It prepares and submits for approval the project statements for proposed construction of Federal aid highways.

Special Land and Development Fund - collects rent from leases, licenses and permits derived from public lands. It develops, improves and maintains the public lands under its control.

Farm Loan Revolving Fund - provides agricultural loans to promote the development of agriculture in Hawaii. It also guarantees farm loans provided by other established sources of credit in the State.

School Food Services - receives revenue from the sale of meals and Federal funding. It maintains and operates the public school cafeterias.

Other Special Revenue Funds - includes intergovernmental revenues and expenditures for welfare, lower education and public safety.

STATE OF HAWAII

EXHIBIT C-1

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
JUNE 30, 1987

ASSETS	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
CASH AND SHORT-TERM CASH INVESTMENTS	$ 39,351,170	$ 3,527,837	$ 11,887,002	$ 4,703,474	$ 137,991,560	$ 197,461,043
RECEIVABLES						
Accounts	-	-	-	-	3,101	3,101
Notes	-	-	12,164,058	-	47,119,247	59,283,305
Total receivables	-	-	12,164,058	-	47,122,348	59,286,406
INVESTMENTS	-	-	-	-	3,831,863	3,831,863
DUE FROM TRUST AND AGENCY FUNDS	643,502	-	-	-	-	643,502
OTHER ASSETS	-	-	1,152	-	24,000	25,152
TOTAL ASSETS	$ 39,994,672	$ 3,527,837	$ 24,052,212	$ 4,703,474	$ 188,969,771	$ 261,247,966
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Vouchers payable	1,281,762	34,554	-	446,541	5,051,912	6,814,769
Due to General Fund	-	-	-	-	350,000	350,000
Advances from General Fund	-	-	-	-	357,094	357,094
Total liabilities	1,281,762	34,554	-	446,541	5,759,006	7,521,863
FUND EQUITY						
Reserved for:						
Continuing appropriations - unliquidated encumbrances	15,073,430	57,714	-	743,363	26,281,224	42,155,731
Receivables	-	-	12,164,058	-	47,122,348	59,286,406
Investments	-	-	-	-	3,831,863	3,831,863
Other assets	-	-	1,152	-	24,000	25,152
	15,073,430	57,714	12,165,210	743,363	77,259,435	105,299,152
Unreserved fund balances:						
Designated for future expenditures	3,052,313	-	-	-	27,385,312	30,437,625
Undesignated	20,587,167	3,435,569	11,887,002	3,513,570	78,566,018	117,989,326
Total fund equity	38,712,910	3,493,283	24,052,212	4,256,933	183,210,765	253,726,103
TOTAL LIABILITIES AND FUND EQUITY	$ 39,994,672	$ 3,527,837	$ 24,052,212	$ 4,703,474	$ 188,969,771	$ 261,247,966

STATE OF HAWAII

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
REVENUES						
Taxes						
General excise tax - Highways	$ 12,230,935	$ -	$ -	$ -	$ -	$ 12,230,935
Liquid fuel tax:						
Highways	40,856,785	-	-	-	-	40,856,785
Boating	-	-	-	-	667,307	667,307
Vehicle registration fee tax	6,929,688	-	-	-	-	6,929,688
State vehicle weight tax	10,609,089	-	-	-	-	10,609,089
Income tax designation for election campaign	-	-	-	-	765,676	765,676
Total taxes	70,626,497	-	-	-	1,432,983	72,059,480
Non-taxes						
Interest and investment income	633,632	127,308	-	-	9,390,347	10,151,287
Charges for current services	317,096	19,050	-	10,119,228	35,296,012	45,751,386
Intergovernmental	38,742,702	-	-	16,232,750	258,732,157	313,707,609
Rentals	2,084	1,245,032	-	-	4,484,449	5,731,565
Fines, forfeitures and penalties	280,371	-	-	-	1,071,649	1,352,020
Licenses and fees	96,002	-	-	-	337,794	433,796
Revenues from private sources	-	-	-	-	212,465	212,465
Other	4,234,479	3,836	1,668,132	2,269	7,859,701	13,768,417
Total non-taxes	44,306,366	1,395,226	1,668,132	26,354,247	317,384,574	391,108,545
Total revenues	114,932,863	1,395,226	1,668,132	26,354,247	318,817,557	463,168,025
OTHER FINANCING SOURCES						
Operating transfers in from:						
General Fund	-	-	-	-	1,365,488	1,365,488
Capital Projects Fund	-	-	-	-	270,000	270,000
Total other financing sources	-	-	-	-	1,635,488	1,635,488
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 114,932,863	$ 1,395,226	$ 1,668,132	$ 26,354,247	$ 320,453,045	$ 464,803,513

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
EXPENDITURES						
General government	$ -	$ -	$ -	$ -	$ 7,503,015	$ 7,503,015
Public safety	-	-	-	-	26,959,288	26,959,288
Highways	68,749,564	-	-	-	77,392	68,826,956
Conservation of natural resources	-	730,044	2,319,985	-	2,212,408	5,262,437
Health	-	-	-	-	16,172,120	16,172,120
Welfare	-	-	-	-	144,193,056	144,193,056
Lower education	-	-	-	26,993,327	41,947,292	68,940,619
Other education	-	-	-	-	3,592,447	3,592,447
Culture and recreation	-	-	-	-	7,715,971	7,715,971
Urban redevelopment and housing	-	-	-	-	5,764,989	5,764,989
Economic development and assistance	-	-	-	-	18,584,559	18,584,559
Other	-	-	-	-	13,138,030	13,138,030
Total expenditures	68,749,564	730,044	2,319,985	26,993,327	287,860,567	386,653,487
OTHER FINANCING USES						
Operating transfers out to:						
Capital Projects Fund	38,541,453	-	-	-	-	38,541,453
Enterprise Funds	-	-	-	-	350,739	350,739
Total other financing uses	38,541,453	-	-	-	350,739	38,892,192
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 107,291,017	$ 730,044	$ 2,319,985	$ 26,993,327	$ 288,211,306	$ 425,545,679

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 7,641,846	$ 665,182	$ (651,853)	$ (639,080)	$ 32,241,739	$ 39,257,834
Net transfers (to) from other Special Revenue Funds	(605,974)	-	1,750,000	(154,553)	(989,473)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	7,035,872	665,182	1,098,147	(793,633)	31,252,266	39,257,834
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES						
Add:						
Continuing appropriations, July 1, 1986	13,125,868	115,553	-	637,526	22,910,886	36,789,833
Unreserved-designated for future expenditures, July 1, 1986	5,081,633	-	-	-	25,461,822	30,543,455
Deduct:						
Continuing appropriations, June 30, 1987	15,073,430	57,714	-	743,363	26,281,224	42,155,731
Unreserved-designated for future expenditures, June 30, 1987	3,052,313	-	-	-	27,385,312	30,437,625
Total other changes in unreserved-undesignated fund balances	81,758	57,839	-	(105,837)	(5,293,828)	(5,260,068)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	7,117,630	723,021	1,098,147	(899,470)	25,958,438	33,997,766
UNRESERVED-UNDESIGNATED FUND BALANCES, JULY 1, 1986	13,469,537	2,712,548	10,788,855	4,413,040	52,607,580	83,991,560
UNRESERVED-UNDESIGNATED FUND BALANCES, JUNE 30, 1987	$ 20,587,167	$ 3,435,569	$ 11,887,002	$ 3,513,570	$ 78,566,018	$ 117,989,326

STATE OF HAWAII

EXHIBIT C-3

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES			
Taxes			
General excise tax - Highways	$ 15,061,000	$ 12,230,935	$ (2,830,065)
Liquid fuel tax:			
Highways	38,954,000	40,856,785	1,902,785
Boating	747,000	667,307	(79,693)
Vehicle registration fee tax	6,940,000	6,929,688	(10,312)
State vehicle weight tax	9,944,000	10,609,089	665,089
Income tax designation for election campaign	700,000	765,676	65,676
Total taxes	72,346,000	72,059,480	(286,520)
Non-taxes			
Interest and investment income	6,927,000	10,151,287	3,224,287
Charges for current services	32,565,399	45,751,386	13,185,987
Intergovernmental	297,460,235	313,707,609	16,247,374
Rentals	3,613,159	5,731,565	2,118,406
Fines, forfeitures and penalties	408,000	1,352,020	944,020
Licenses and fees	340,000	433,796	93,796
Revenues from private sources	15,000	212,465	197,465
Other	6,367,000	13,768,417	7,401,417
Total non-taxes	347,695,793	391,108,545	43,412,752
Total revenues	420,041,793	463,168,025	43,126,232
OTHER FINANCING SOURCES			
Operating transfers in from:			
General Fund	-	1,365,488	1,365,488
Capital Projects Fund	-	270,000	270,000
Total other financing sources	-	1,635,488	1,635,488
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 420,041,793	$ 464,803,513	$ 44,761,720

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
EXPENDITURES			
General government	$ 20,116,926	$ 4,876,445	$ 15,240,481
Public safety	27,568,760	21,754,613	5,814,147
Highways	67,192,148	64,594,866	2,597,282
Conservation of natural resources	3,840,063	4,146,790	(306,727)
Health	21,248,144	18,850,644	2,397,500
Welfare	171,573,140	136,234,866	35,338,274
Lower education	61,409,832	66,335,055	(4,925,223)
Other education	3,452,038	3,585,572	(133,534)
Culture and recreation	10,341,244	7,943,777	2,397,467
Economic development and assistance	23,442,984	16,033,733	7,409,251
Other	13,895,825	10,838,935	3,056,890
TOTAL EXPENDITURES	424,081,104	355,195,296	68,885,808
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES	$ (4,039,311)	$ 109,608,217	$ 113,647,528

STATE OF HAWAII

SCHEDULE C-4

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

Functions Of Government	Actual (GAAP Basis)	Non-Budgeted Expenditures (Actual)	Budgeted Expenditures (Actual)	Encumbrances	Actual On A Budgetary Basis	Budgeted Expenditures	Variance - Favorable (Unfavorable)
General government	$ 7,503,015	$ 2,753,351	$ - 4,749,664	$ 126,781	$ 4,876,445	$ 20,116,926	$ 15,240,481
Public safety	26,959,288	5,477,939	21,481,349	273,264	21,754,613	27,568,760	5,814,147
Highways	68,826,956	15,584,453	53,242,503	11,352,363	64,594,866	67,192,148	2,597,282
Conservation of natural resources	5,262,437	1,336,574	3,925,863	220,927	4,146,790	3,840,063	(306,727)
Health	16,172,120	367,842	15,804,278	3,046,366	18,850,644	21,248,144	2,397,500
Welfare	144,193,056	11,013,041	133,180,015	3,054,851	136,234,866	171,573,140	35,338,274
Lower education	68,940,619	5,593,517	63,347,102	2,987,953	66,335,055	61,409,832	(4,925,223)
Other education	3,592,447	131,412	3,461,035	124,537	3,585,572	3,452,038	(133,534)
Culture and recreation	7,715,971	614,563	7,101,408	842,369	7,943,777	10,341,244	2,397,467
Urban redevelopment and housing	5,764,989	5,764,989	-	-	-	-	-
Economic development and assistance	18,584,559	2,905,764	15,678,795	354,938	16,033,733	23,442,984	7,409,251
Other	13,138,030	2,736,606	10,401,424	437,511	10,838,935	13,895,825	3,056,890
Other financing uses - operating transfers out to:							
Capital Projects Fund	38,541,453	38,541,453	-	-	-	-	-
Enterprise Funds	350,739	350,739	-	-	-	-	-
	$ 425,545,679	$ 93,172,243	$ 332,373,436	$ 22,821,860	$ 355,195,296	$ 424,081,104	$ 68,885,808

DEBT SERVICE FUNDS

The Debt Service Funds category is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest of reimbursable general obligation bonds, as well as regular general obligation bonds. The Debt Service Funds consist of the following:

General Obligation Bonds Serviced by General Fund - accounts for operating transfers from the General Fund for periodic payment of interest and principal of general obligation bonds and related costs.

General Obligation Bonds Serviced by Other Funds - several funds utilize the proceeds from general obligation bonds to finance capital expenditures and provide housing loans. These funds pay for their proportionate share of interest and principal. The funds are comprised of the following:

- Off-Street Parking
- Department of Transportation:
  - Airports Division
  - Harbors Division
- Hawaii Housing Authority
- University Funds

STATE OF HAWAII

EXHIBIT D-1

COMBINING BALANCE SHEET - DEBT SERVICE FUNDS
JUNE 30, 1987

ASSETS	Funds Servicing General Obligation Bonds						
		Other Funds					
	General	Off-Street Parking	Airports	Harbors	Hawaii Housing Authority	University	Total
CASH AND SHORT-TERM CASH INVESTMENTS	$ 10,423,689	$ -	$ -	$ -	$ -	$ -	$ 10,423,689
DUE FROM GENERAL FUND	172,346	-	-	-	-	-	172,346
OTHER - loans for issued general obligation bonds	164,688,807	5,276,424	34,444,561	15,477,819	-	27,097,227	246,984,838
TOTAL ASSETS	$ 175,284,842	$ 5,276,424	$ 34,444,561	$ 15,477,819	$ -	$ 27,097,227	$ 257,580,873
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Matured bond principal payable . .	6,761,842	-	-	-	-	-	6,761,842
Matured bond interest payable . . .	3,661,447	-	-	-	-	-	3,661,447
Other	400	-	-	-	-	-	400
Total liabilities	10,423,689	-	-	-	-	-	10,423,689
FUND EQUITY							
Reserved for:							
Continuing appropriations	172,346	-	-	-	-	-	172,346
Bond redemption	164,688,807	5,276,424	-	-	-	-	169,965,231
Loans to Enterprise and University Funds	-	-	34,444,561	15,477,819	-	27,097,227	77,019,607
Total fund equity	164,861,153	5,276,424	34,444,561	15,477,819	-	27,097,227	247,157,184
TOTAL LIABILITIES AND FUND EQUITY	$ 175,284,842	$ 5,276,424	$ 34,444,561	$ 15,477,819	$ -	$ 27,097,227	$ 257,580,873

STATE OF HAWAII

EXHIBIT D-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Funds Servicing General Obligation Bonds						
		Other Funds					
	General	Off-Street Parking	Airports	Harbors	Hawaii Housing Authority	University	Total
REVENUES							
Contribution from agencies participating in debt service requirements	$ 23,688,736	$ 536,890	$ 6,057,993	$ 3,483,649	$ 3,611,352	$ 2,083,661	$ 39,462,281
OTHER FINANCING SOURCES							
Proceeds from refunding general obligation bonds	373,700,000	-	-	-	-	-	373,700,000
Operating transfers in from General Fund:							
Appropriation for debt service from Act 300, SLH 1985 as amended by Act 345, SLH 1986	252,640,225	-	-	-	-	-	252,640,225
Deduct unrequired balance of General Fund appropriation lapsed	1,403,557	-	-	-	-	-	1,403,557
Total operating transfers in from General Fund	251,236,668	-	-	-	-	-	251,236,668
Total other financing sources	624,936,668	-	-	-	-	-	624,936,668
TOTAL REVENUES AND OTHER FINANCING SOURCES	648,625,404	536,890	6,057,993	3,483,649	3,611,352	2,083,661	664,398,949
EXPENDITURES							
Redemption of serial bonds	128,434,270	-	-	-	-	-	128,434,270
Interest on bonds	122,376,980	-	-	-	-	-	122,376,980
Fiscal agents' fees and other expenses	784,699	-	-	-	-	-	784,699
Total expenditures	251,595,949	-	-	-	-	-	251,595,949
OTHER FINANCING USES							
Payment to trustee for bond redemption	373,211,813	-	-	-	-	-	373,211,813
Operating transfers out to General Fund - agencies' debt service contributions on general obligation bond debt service fully appropriated from General Fund	23,688,736	536,890	6,057,993	3,483,649	3,611,352	2,083,661	39,462,281
Total other financing uses	396,900,549	536,890	6,057,993	3,483,649	3,611,352	2,083,661	412,674,094
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 648,496,498	$ 536,890	$ 6,057,993	$ 3,483,649	$ 3,611,352	$ 2,083,661	$ 664,270,043

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - DEBT SERVICE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Funds Servicing General Obligation Bonds						
		Other Funds					
	General	Off-Street Parking	Airports	Harbors	Hawaii Housing Authority	University	Total
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ 128,906	$ -	$ -	$ -	$ -	$ -	$ 128,906
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES							
Add continuing appropriations reserved for bond redemption, July 1, 1986	43,440	-	-	-	-	-	43,440
Deduct continuing appropriations reserved for bond redemption, June 30, 1987	172,346	-	-	-	-	-	172,346
Total other changes in unreserved-undesignated fund balances	(128,906)	-	-	-	-	-	(128,906)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	-	-	-	-	-	-	-
UNRESERVED-UNDESIGNATED FUND BALANCES, JULY 1, 1986	-	-	-	-	-	-	-
UNRESERVED-UNDESIGNATED FUND BALANCES, JUNE 30, 1987	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CAPITAL PROJECTS FUND

The Capital Projects Fund category is used to account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed under Enterprise and University Funds.

STATE OF HAWAII

EXHIBIT E-1

BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 1987

ASSETS		
CASH		$ 60,802,008
INVESTMENTS		111,289,388
		$ 172,091,396
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Vouchers payable	$ 5,211,570	
Due to Enterprise Funds	247,456	
Due to University Funds	1,650,000	
Total liabilities		7,109,026
FUND EQUITY		
Reserved for continuing appropriations:		
Unencumbered allotments	34,479,395	
Unliquidated encumbrances	122,653,875	
	157,133,270	
Reserved for Federal aid highway projects encumbrances	31,974,021	
		189,107,291
Unreserved-undesignated		(24,124,921)
Total fund equity		164,982,370
TOTAL LIABILITIES AND FUND EQUITY		$ 172,091,396

STATE OF HAWAII

EXHIBIT E-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND DEFICIT - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

FINANCING SOURCES		
Proceeds from general obligation bonds	$ 160,944,711	
Operating transfers in from Special Revenue Funds	38,541,453	
TOTAL FINANCING SOURCES		$ 199,486,164
EXPENDITURES		
General government	16,153,533	
Public safety	35,484,939	
Highways	48,917,834	
Conservation of natural resources	781,359	
Health	4,720,786	
Welfare	2,500	
Lower education	34,346,765	
Higher education	15,072,772	
Other education	30,551	
Culture and recreation	11,795,539	
Urban redevelopment and housing	7,982,844	
Economic development and assistance	28,239,752	
Total expenditures		203,529,174
OTHER FINANCING USES		
Operating transfers out to:		
Special Revenue Funds	270,000	
Enterprise Funds	5,112,283	
University Funds	419,320	
Total other financing uses		5,801,603
TOTAL EXPENDITURES AND OTHER FINANCING USES		209,330,777
EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER FINANCING SOURCES		(9,844,613)
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND DEFICIT		
Add continuing appropriations, July 1, 1986	228,790,202	
Deduct continuing appropriations, June 30, 1987	157,133,270	
	71,656,932	
Decrease in reserve for Federal aid highway projects encumbrances	15,015,265	
Total other changes in unreserved-undesignated fund deficit		86,672,197
EXCESS OF FINANCING SOURCES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND DEFICIT OVER EXPENDITURES AND OTHER FINANCING USES		76,827,584
UNRESERVED-UNDESIGNATED FUND DEFICIT, JULY 1, 1986		(100,952,505)
UNRESERVED-UNDESIGNATED FUND DEFICIT, JUNE 30, 1987		$ (24,124,921)

STATE OF HAWAII

SCHEDULE E-3

SUPPLEMENTARY SCHEDULE OF RECONCILIATION
WITH BONDS ISSUED - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Bonds Issued	Appropriations	Transfers	Expenditures Prior Years	Expenditures Current Year	Lapses	Balances
GENERAL OBLIGATION BONDS							
General government	$ 261,290,247	$ 307,259,596	$ (10,163,045)	$ 214,060,149	$ 16,305,729	$ 29,660,012	$ 37,070,651
Public safety	131,808,652	149,847,779	4,439,587	86,082,356	35,484,939	6,998,836	25,721,235
Highways	293,556,057	429,682,225	600,000	287,825,272	11,751,757	31,425,083	99,280,113
Conservation of natural resources	139,056,053	164,369,562	(619,071)	134,226,214	781,359	20,505,287	8,237,631
Health	83,715,013	144,100,984	481,280	73,397,279	4,381,232	39,753,123	27,050,630
Hospitals	112,772,677	123,440,907	1,214,000	104,815,319	2,993,641	10,416,102	6,429,845
Welfare	538,723	1,868,653	15,000	410,651	85,827	133,930	1,253,245
Lower education	503,357,910	584,263,084	(452,790)	445,244,983	34,346,765	45,412,543	58,806,003
Higher education	389,147,905	443,024,138	2,519,674	358,024,488	15,079,996	24,223,781	48,215,547
Other education	5,124,707	5,220,494	-	5,122,207	30,551	95,787	(28,051)
Subtotal for education	897,630,522	1,032,507,716	2,066,884	808,391,678	49,457,312	69,732,111	106,993,499
Culture and recreation	240,162,776	297,756,911	289,465	219,527,325	11,795,539	30,349,021	36,374,491
Urban redevelopment and housing	118,222,284	129,373,515	(18,000)	106,604,605	8,310,310	3,754,812	10,685,788
Economic development and assistance	125,329,684	146,814,018	1,693,900	50,494,813	28,433,436	5,606,921	63,972,748
Airports	68,838,895	69,105,434	-	68,838,228	-	216,539	(50,667)
Water transport and terminals	50,386,095	53,708,964	-	48,145,805	1,816,344	1,969,140	1,777,675
Other	295,801	90,000	-	90,000	-	-	-
Total general obligation bonds	$ 2,523,603,479	$ 3,049,926,254	$ -	$ 2,202,909,694	$ 171,597,425	$ 250,520,917	$ 424,898,218

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF RECONCILIATION
WITH BONDS ISSUED - CAPITAL PROJECTS FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Bonds Issued	Appropriations	Transfers	Expenditures: Prior Years	Expenditures: Current Year	Lapses	Balances
REVENUE BONDS							
Health	$ -	$ 73,820,000	$ -	$ -	$ -	$ -	$ 73,820,000
Hospitals	-	10,900,000	-	-	-	-	10,900,000
Higher education	8,010,000	9,279,714	-	6,350,146	-	122,568	2,807,000
Urban redevelopment and housing	597,325,000	1,486,500,000	-	541,408,000	52,734,853	-	892,357,147
Economic development and assistance	-	416,772,000	-	-	-	77,927,000	338,845,000
Airports	334,093,455	520,324,839	-	241,296,661	35,334,502	49,053,495	194,640,181
Water transport and terminals	66,004,290	80,166,694	-	43,343,640	4,241,077	9,315,888	23,266,089
Total revenue bonds	1,005,432,745	2,597,763,247	-	832,398,447	92,310,432	136,418,951	1,536,635,417
TOTAL ALL BONDS	$ 3,529,036,224	$ 5,647,689,501	$ -	$ 3,035,308,141	263,907,857	$ 386,939,868	1,961,533,635
Reconciliation with Capital Projects Fund:					37,166,077		31,974,021
Add: Highways programs					301,073,934		1,993,507,656
Subtotal							194,711,218
Deduct:					35,528,185		25,043,764
Enterprise Funds:					6,057,421		-
Airports					2,806,283		864,801,301
Harbors - commercial					52,875,647		
State Hospitals							1,084,556,283
Hawaii Housing Authority					97,267,536		-
Total Enterprise Funds					270,000		2,162,009
Special Revenue Funds					7,224		- 188,565,000
University Funds					-		529,117,073
Special purpose revenue bonds not included in general purpose financial statements					-		
Reclassification of unallotted appropriations against unreserved-undesignated fund deficit					$ 203,529,174		$ 189,107,291

ENTERPRISE FUNDS

The Enterprise Funds category is used to account for operations financed and operated in a manner similar to private business enterprises, where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The Enterprise Funds are comprised of the following:

Department of Transportation - Airports Division (Airports) - responsible for the equipment, regulation and operation of the State airports as a financially self-sustaining system. It also plans, designs and constructs new, expanded airports and improves existing facilities. The division also promotes aeronautical safety in the State.

Department of Transportation - Harbors Division (Harbors) - fosters the development of water transportation in Hawaii. The division supervises and maintains the harbor operations and plans the construction of new harbor facilities. It maintains control over ocean shores and promotes navigational safety.

Hawaii Housing Authority (HHA) - a constituent corporate unit of the Department of Social Services and Housing, accounts for transactions relating to HHA's rent supplement programs, land reform programs, development and administration of State and Federal rental housing projects, State-financed dwelling unit sales and issuance of mortgage revenue bonds.

State Hospitals Fund (State Hospitals) - accounts for all transactions relating to hospitals owned and operated as hospital enterprises by the State. The fund accounts for the following hospitals:

Hilo Hospital
Honokaa Hospital
Ka'u Hospital
Kauai Veterans Memorial Hospital
Kohala Hospital
Kona Hospital
Kula Hospital
Lanai Community Hospital
Leahi Hospital
Samuel Mahelona Memorial Hospital
Maluhia Hospital
Maui Memorial Hospital and Hana Medical Center

STATE OF HAWAII

EXHIBIT F-1

COMBINING BALANCE SHEET - ENTERPRISE FUNDS
JUNE 30, 1987

ASSETS	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total
CURRENT ASSETS					
Cash and short-term cash investments	$ 96,062,707	$ 20,096,734	$ 45,576,622	$ 21,172,263	$ 182,908,326
Receivables:					
Aviation fuel tax	584,429	-	-	-	584,429
Accounts - net	16,714,749	3,149,190	-	29,168,103	49,032,042
Accrued interest	1,838,635	701,546	5,077,264	-	7,617,445
Notes and loans	-	-	1,723,450	-	1,723,450
Claims - Federal grants	3,026,475	576,639	-	-	3,603,114
U. S. Department of Housing and Urban Development (HUD)	-	-	15,223,120	-	15,223,120
Other	-	52,955	945,829	1,606,351	2,605,135
Due from Capital Projects Fund	-	247,456	-	-	247,456
Investments	-	-	1,400,000	-	1,400,000
Inventory of materials and supplies, at cost	162,130	52,266	294,818	2,350,724	2,859,938
Real estate owned	-	-	1,086,159	-	1,086,159
Prepaid expenses and other assets	1,692	424,250	759,559	214,783	1,400,284
Deferred bond issue costs, current portion	-	-	392,902	-	392,902
Total current assets	118,390,817	25,301,036	72,479,723	54,512,224	270,683,800
RESTRICTED ASSETS					
Cash and short-term cash investments	114,730,908	29,181,002	51,483,564	1,772,592	197,168,066
Investments:					
U. S. Government securities	28,915,434	11,697,728	51,141,896	-	91,755,058
Net direct financing leases	9,810,943	17,058,370	-	-	26,869,313
Repurchase agreements and other	- -	-	70,463,115	-	70,463,115
Other	-	-	-	57,947	57,947
Total restricted assets	153,457,285	57,937,100	173,088,575	1,830,539	386,313,499
PROPERTY, PLANT AND EQUIPMENT					
Land and land improvements	319,383,440	66,455,968	31,192,630	1,920,567	418,952,605
Buildings and other improvements	249,768,937	94,880,937	163,540,450	77,947,749	586,138,073
Machinery and equipment	15,059,006	2,385,998	5,604,617	47,326,341	70,375,962
Construction in progress	176,977,428	69,531,277	245,770	4,462,998	251,217,473
	761,188,811	233,254,180	200,583,467	131,657,655	1,326,684,113
Less accumulated depreciation	182,016,400	45,233,579	66,488,549	38,343,762	332,082,290
Net property, plant and equipment	579,172,411	188,020,601	134,094,918	93,313,893	994,601,823
OTHER ASSETS:					
Unamortized bond and note issue costs	3,619,582	1,143,540	7,803,481	-	12,566,603
Mortgage loans receivable	-	-	264,606,912	-	264,606,912
Inventories:					
Dwelling units	-	-	3,574,291	-	3,574,291
Land held for future development	-	-	25,842,745	-	25,842,745
Investments - U. S. Government securities	-	-	3,899,604	-	3,899,604
Long-term portion of notes and loans receivable	-	-	28,287,358	-	28,287,358
Advances due from lessees	-	-	1,632,741	-	1,632,741
Interest receivable	-	-	579,160	-	579,160
Other	-	-	2,256,152	-	2,256,152
TOTAL ASSETS	$ 854,640,095	$ 272,402,277	$ 718,145,660	$ 149,656,656	$ 1,994,844,688

STATE OF HAWAII

COMBINING BALANCE SHEET - ENTERPRISE FUNDS (Continued)
JUNE 30, 1987

LIABILITIES AND FUND EQUITY	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total
CURRENT LIABILITIES					
Vouchers and contracts payable	$ 6,373,463	$ 646,104	$ 745,952	$ 2,954,368	$ 10,719,887
Other accrued liabilities	3,574,972	1,364,454	33,139,875	40,645,372	78,724,673
Advances from HUD	-	-	2,464,564	-	2,464,564
Prepaid airport use charge	13,918,082	-	-	-	13,918,082
Custodial funds and deposits	-	-	-	219,522	219,522
General obligation bonds payable, current portion	3,819,073	-	-	-	3,819,073
Liabilities collateralized by HUD annual contributions, current portion	-	-	73,098,581	-	73,098,581
Notes payable, current portion	-	-	21,600	-	21,600
Due to General Fund	-	15,000	-	-	15,000
Total current liabilities (payable from current assets)	27,685,590	2,025,558	109,470,572	43,819,262	183.000,982
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)					
Contracts payable and other	8,317,244	772,236	-	-	9,089,480
Accrued interest	16,508,067	4,075,850	-	-	20,583,917
Matured revenue bonds and interest coupons payable	95,000	120,250	-	-	215,250
General obligation bonds payable, current portion	-	2,107,557	-	-	2,107,557
Revenue bonds payable, current portion	25,515,000	2,911,649	23,275,849	-	51,702,498
Due to General Fund	24,655	-	-	-	24,655
Total current liabilities (payable from restricted assets)	50,459,966	9,987,542	23,275,849	-	83,723,357
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)					
Revenue bonds payable (net of unamortized discount)	385,206,443	90,873,133	387,117,944	-	863,197,520
General obligation bonds payable	30,625,488	13,370,262	-	-	43,995,750
Liabilities collateralized by HUD annual contributions	-	-	42,785,647	-	42,785,647
Notes payable	-	-	479,474	-	479,474
Advances from General Fund	-	-	-	13,175,039	13,175,039
Other advances from Federal Government	-	-	5,471,954	-	5,471,954
Security deposits	-	-	2,753,195	-	2,753,195
Other	-	-	2,733,261	-	2,733,261
Total long-term liabilities	415,831,931	104,243,395	441,341,475	13,175,039	974,591,840
Total liabilities	493,977,487	116,256,495	574,087,896	56,994,301	1,241,316,179
FUND EQUITY					
Contributed capital:					
Federal grants	143,140,017	54,909,929	45,339,403	-	243,389,349
State grants	4,176,045	21,455,533	149,742,972	-	175,374,550
Other	5,038,146	334,167	2,262,661	-	7,634,974
	152,354,208	76,699,629	197,345,036	-	426,398,873
Less accumulated depreciation	25,220,492	3,915,779	53,103,296	-	82,239,567
Total contributed capital	127,133,716	72,783,850	144,241,740	-	344,159,306
Retained earnings:					
Reserved for bond requirements and other	52,873,170	11,827,157	-	1,772,592	66,472,919
Unreserved	180,655,722	71,534,775	(183,976)	90,889,763	342,896,284
Total retained earnings	233,528,892	83,361,932	(183,976)	92,662,355	409,369,203
Total fund equity	360,662,608	156,145,782	144,057,764	92,662,355	753,528,509
TOTAL LIABILITIES AND FUND EQUITY	$ 854,640,095	$ 272,402,277	$ 718,145,660	$ 149,656,656	$ 1,994,844,688

STATE OF HAWAII

EXHIBIT F-2

COMBINING STATEMENT OF REVENUES AND EXPENSES - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total
OPERATING REVENUES					
Concession fees	$ 92,519,339	$ -	$ -	$ -	$ 92,519,339
Sales of dwelling units	-	-	6,987,503	-	6,987,503
Patient service revenues (net of contractual allowances and adjustments of $12,415,113)	-	-	-	83,967,435	83,967,435
Airport use charge	2,466,575	-	-	-	2,466,575
Rentals	13,997,138	11,256,128	14,328,818	-	39,582,084
Aviation fuel tax	6,286,293	-	-	-	6,286,293
Services and others	2,018,509	15,217,774	-	-	17,236,283
Interest	-	-	47,332,990	-	47,332,990
Other	-	-	4,702,650	1,435,175	6,137,825
Total operating revenues	117,287,854	26,473,902	73,351,961	85,402,610	302,516,327
OPERATING EXPENSES					
Personal services	27,455,844	4,874,737	2,934,543	27,869,628	63,134,752
Nursing services	-	-	-	37,186,719	37,186,719
Interest	-	-	48,043,624	-	48,043,624
Depreciation	16,910,334	2,964,758	6,249,981	5,525,667	31,650,740
Repairs and maintenance	9,632,614	3,938,120	3,856,065	-	17,426,799
Housing assistance payments	-	-	8,961,502	-	8,961,502
Cost of sales - dwelling units	-	-	5,231,595	-	5,231,595
Airports operations	11,130,763	-	-	-	11,130,763
Harbors operations	-	1,195,518	-	-	1,195,518
Fireboat operations	-	987,654	-	-	987,654
Loan servicing fee and amortization of bond issue costs	-	-	1,339,854	-	1,339,854
General administration	5,936,843	3,311,402	6,730,990	22,186,223	38,165,458
Other	549,613	6,481	5,730,922	221,018	6,508,034
Total operating expenses	$ 71,616,011	$ 17,278,670	$ 89,079,076	$ 92,989,255	$ 270,963,012

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES AND EXPENSES - ENTERPRISE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total
Operating income (loss)	$ 45,671,843	$ 9,195,232	$ (15,727,115)	$ (7,586,645)	$ 31,553,315
NONOPERATING REVENUES (EXPENSES)					
Interest income	15,521,433	4,168,967	-	-	19,690,400
Interest expense	(27,050,061)	(7,211,423)	-	-	(34,261,484)
Amortization of bond discount and note issue costs	-	(98,322)	-	-	(98,322)
HUD annual contributions	-	-	17,496,249	-	17,496,249
Advances due to General Fund	-	-	-	(1,517,741)	(1,517,741)
Donations and grants	-	-	-	130,844	130,844
Other	63,029	400,584	-	2,049	465,662
Total nonoperating revenues (expenses)	(11,465,599)	(2,740.194)	17,496,249	(1,384,848)	1,905,608
INCOME BEFORE OTHER FINANCING SOURCES AND EXTRAORDINARY ITEM	34,206,244	6,455,038	1,769,134	(8,971,493)	33,458,923
OTHER FINANCING SOURCES					
Operating transfers in from:					
General Fund	-	-	1,203,553	11,591,008	12,794,561
Special Revenue Funds	-	-	-	350,739	350,739
Capital Projects Fund	-	-	-	2,806,283	2,806,283
TOTAL OTHER FINANCING SOURCES	-	-	1,203,553	14,748,030	15,951,583
INCOME BEFORE EXTRAORDINARY ITEM	34,206,244	6,455,038	2,972,687	5,776,537	49,410,506
EXTRAORDINARY ITEM - loss from early redemption of revenue bonds payable	-	-	(2,282,224)	-	(2,282,224)
NET INCOME	$ 34,206,244	$ 6,455,038	$ 690,463	$ 5,776,537	$ 47,128,282

STATE OF HAWAII

EXHIBIT F-3

COMBINING STATEMENT OF CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total
FUND EQUITY, JULY 1, 1986					
Contributed capital	$ 121,360,612	$ 72,588,333	$ 144,880,149	$ -	$ 338,829,094
Retained earnings	195,977,754	76,729,039	(7,061,137)	86,893,632	352,539,288
	317,338,366	149,317,372	137,819,012	86,893,632	691,368,382
CHANGES IN CONTRIBUTED CAPITAL					
Federal and State grants	9,117,998	341,113	1,615,084	-	11,074,195
Transfers in from Capital Projects Fund	-	-	2,306,000	-	2,306,000
HUD annual contributions	-	-	1,627,205	-	1,627,205
Transfer of depreciation from retained earnings	(3,344,894)	(145,596)	(6,186,698)	-	(9,677,188)
	5,773,104	195,517	(638,409)	-	5,330,212
CHANGES IN RETAINED EARNINGS					
Net income for the fiscal year	34,206,244	6,455,038	690,463	5,776,537	47,128,282
Transfer of depreciation to contributed capital account	3,344,894	145,596	6,186,698	-	9,677,188
Decrease in valuation allowance on investments in revenue bond reserve account	-	32,259	-	-	32,259
Specific purpose funds disbursements	-	-	-	(7,814)	(7,814)
	37,551,138	6,632,893	6,877,161	5,768,723	56,829,915
FUND EQUITY, JUNE 30, 1987					
Contributed capital	127,133,716	72,783,850	144,241,740	-	344,159,306
Retained earnings (deficit)	233,528,892	83,361,932	(183,976)	92,662,355	409,369,203
	$ 360,662,608	$ 156,145,782	$ 144,057,764	$ 92,662,355	$ 753,528,509

STATE OF HAWAII

EXHIBIT F-4

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total
SOURCES OF WORKING CAPITAL					
Operations:					
Income before extraordinary item	$ 34,206,244	$ 6,455,038	$ 2,972,687	$ 5,776,537	$ 49,410,506
Items not requiring use of (providing) working capital:					
Depreciation	16,910,334	2,964,758	6,249,981	5,525,667	31,650,740
Amortization of bond discount and bond and note issue costs	282,775	98,322	373,732	-	754,829
Loss on disposal of facilities	-	6,481	-	-	6,481
Earnings on investment in direct financing leases and other	-	(116,858)	-	-	(116,858)
Other	-	-	-	(84,993)	(84,993)
Working capital provided from operations before extraordinary item	51,399,353	9,407,741	9,596,400	11,217,211	81,620,705
Extraordinary item:					
Loss from early redemption of revenue bonds payable	-	-	(2,282,224)	-	(2,282,224)
Add noncash amount related to write-off of deferred bond issue cost	-	-	2,282,224	-	2,282,224
Working capital provided from operations	51,399,353	9,407,741	9,596,400	11,217,211	81,620,705
Contributed capital - Federal and State grants	9,118,190	341,113	5,548,289	-	15,007,592
Revenue bond proceeds	-	22,500,000	52,425,000	-	74,925,000
General obligation bond proceeds	336,385	172,465	-	-	508,850
Repayments of mortgage loans receivable	-	-	40,771,753	-	40,771,753
Increase in advances from General Fund	-	-	-	1,517,741	1,517,741
Net decrease (increase) in restricted assets	43,142,687	(16,689,876)	33,255,963	-	59,708,774
Net (decrease) increase in liabilities payable from restricted assets	(861,646)	1,201,279	-	-	339,633
Increase in other advances	-	-	3,559,104	-	3,559,104
Disposal of property, plant and equipment	-	-	1,001,754	-	1,001,754
Decrease in investments	-	-	909,624	-	909,624
Decrease in interest receivable	-	-	442,972	-	442,972
Decrease in advances due from lessees	-	-	21,567	-	21,567
Other	3,315	-	109,623	3,594	116,532
Total sources of working capital	$ 103,138,284	$ 16,932,722	$ 147,642,049	$ 12,738,546	$ 280,451,601

STATE OF HAWAII

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Airports	Harbors	Hawaii Housing Authority	State Hospitals	Total
USES OF WORKING CAPITAL					
Additions to property, plant and equipment	$ 78,088,001	$ 8,246,480	$ 7,584,972	$ 7,129,860	$ 101,049,313
Redemptions and current maturities of long-term debt	20,869,072	4,183,548	105,505,356	-	130,557,976
Additions to mortgage loans receivable	-	-	24,658,502	-	24,658,502
Increase in notes and loans receivable	-	-	13,179,422	-	13,179,422
Increase in dwelling unit inventory	-	-	1,487,807	-	1,487,807
Decrease in HUD-secured liabilities	-	-	2,129,816	-	2,129,816
Net transfers to restricted funds	-	-	-	1,332,229	1,332,229
Decrease in security deposits	-	-	281,785	-	281,785
Decrease in notes payable	-	-	22,013	-	22,013
Increase in bond issue costs	-	450,000	1,387,123	-	1,837,123
Decrease in contributed capital - State grants	192	-	-	-	192
Total uses of working capital	98,957,265	12,880,028	156,236,796	8,462,089	276,536,178
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 4,181,019	$ 4,052,694	$ (8,594,747)	$ 4,276,457	$ 3,915,423
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL					
Current assets:					
Cash and short-term investments	(100,442)	3,130,650	3,882,280	7,357,551	14,270,039
Receivables	3,112,815	1,420,323	(3,185,522)	2,134,182	3,481,798
Investments	-	(224,490)	865,000	-	640,510
Inventories	(13,240)	(2,112)	35,571	209,355	229,574
Real estate owned	-	-	209,565	-	209,565
Prepaid expenses and deposits	494	125,890	228,880	71,007	426,271
Deferred bond issue costs, current portion	-	-	(69,452)	-	(69,452)
Current liabilities:					
Vouchers and contracts payable	(1,009,242)	(193,542)	(517,424)	(382,568)	(2,102,776)
Other accrued liabilities	116,294	(204,025)	(4,418,985)	(5,094,865)	(9,601,581)
Custodial funds and deposits	-	-	-	(18,205)	(18,205)
Advances from HUD	-	-	(2,443,930)	-	(2,443,930)
Prepaid airport use charge	2,068,722	-	-	-	2,068,722
General obligation bonds payable, current portion	5,618	-	-	-	5,618
Revenue bonds payable, current portion	-	-	1,035,851	-	1,035,851
HUD-secured liabilities, current portion	-	-	(4,216,581)	-	(4,216,581)
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 4,181,019	$ 4,052,694	$ (8,594,747)	$ 4,276,457	$ 3,915,423

TRUST AND AGENCY FUNDS

The Trust and Agency Funds category is used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds. The Trust and Agency Funds consist of the following:

Expendable Trust Funds - primarily accounts for receipt of monies and payment of benefits for the unemployment compensation plan.

Tax Collections - various taxes paid under protest are deposited in a trust account. Disposition of these funds are made once the Department of Taxation's Board of Review or the State courts have rendered a decision on the taxpayer's protest.

Employee Benefits - accounts for the deferred compensation plan established for public employees. It also accounts for the Hawaii Public Employees Health Fund, which includes medical, dental and life insurance and the Hawaii State Employees U. S. Savings Bonds investment program.

Custodial and Clearance - clearing accounts for tax and certain collections pending subsequent distribution.

STATE OF HAWAII

EXHIBIT G-1

COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS
JUNE 30, 1987

ASSETS	Expendable Trust Funds	Agency Funds			Total
		Tax Collections	Employee Benefits	Custodial And Clearance	
CASH AND SHORT-TERM CASH INVESTMENTS	$ 184,306,651	$ 2,366,092	$ 6,438,156	$ 173,099,969	$ 366,210,868
INVESTMENTS					
Repurchase agreements	26,000,000	-	-	-	26,000,000
U. S. Government securities	28,710,159	-	-	-	28,710,159
Corporate stocks	118,071	-	-	-	118,071
Total investments	54,828,230	-	-	-	54,828,230
OTHER ASSETS - assets held by agents for State					
Deferred Compensation Plan	-	-	57,080,717	-	57,080,717
TOTAL ASSETS	$ 239,134,881	$ 2,366,092	$ 63,518,873	$ 173,099,969	$ 478,119,815
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	101,152	2,019,978	286	17,790,748	19,912,164
Due to employees under State Deferred Compensation Plan	-	-	57,080,717	-	57,080,717
Due to individuals, businesses and counties	-	346,114	-	59,043,317	59,389,431
Due to General Fund	-	-	-	95,622,402	95,622,402
Due to Special Revenue Funds	-	-	-	643,502	643,502
Other	-	-	6,437,870	-	6,437,870
Total liabilities	101,152	2,366,092	63,518,873	173,099,969	239,086,086
FUND BALANCES					
Reserved for:					
Unemployment compensation	222,764,137	-	-	-	222,764,137
Others	16,269,592	-	-	-	16,269,592
Total fund balances	239,033,729	-	-	-	239,033,729
TOTAL LIABILITIES AND FUND BALANCES	$ 239,134,881	$ 2,366,092	$ 63,518,873	$ 173,099,969	$ 478,119,815

EXHIBIT G-2

STATE OF HAWAII

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED-UNDESIGNATED FUND BALANCES - EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

REVENUES	
Unemployment compensation tax	$ 76,055,779
Interest and investment income	20,216,633
Charges for current services	508,800
Intergovernmental	3,857,138
Donations, contributions and deposits	9,428,845
Other	104,602
Total revenues	110,171,797
EXPENDITURES	
Personal services	1,127,533
Unemployment compensation	52,080,963
Other	8,795,950
Total expenditures	62,004,446
EXCESS OF REVENUES OVER EXPENDITURES	48,167,351
OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	(48,167,351)
Increase in reserve for unemployment compensation and others	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER CHANGES IN UNRESERVED-UNDESIGNATED FUND BALANCES	-
UNRESERVED-UNDESIGNATED FUND BALANCES, JULY 1, 1986	$ -
UNRESERVED-UNDESIGNATED FUND BALANCES, JUNE 30, 1987	

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Balance, July 1, 1986	Additions	Deductions	Balance, June 30, 1987
TAX COLLECTIONS				
ASSETS - cash	$ 4,628,342	$ 1,927,179,709	$ 1,929,441,959	$ 2,366,092
LIABILITIES				
Vouchers payable	2,192,788	2,019,978	2,192,788	2,019,978
Due to individuals, businesses and counties	2,435,554	1,927,179,709	1,929,269,149	346,114
TOTAL LIABILITIES	$ 4,628,342	$ 1,929,199,687	$ 1,931,461,937	$ 2,366,092
EMPLOYEE BENEFITS				
ASSETS				
Cash	5,418,619	74,476,278	73,456,741	6,438,156
Assets held by agents for State Deferred Compensation Plan	34,713,187	24,704,621	2,337,091	57,080,717
TOTAL ASSETS	$ 40,131,806	$ 99,180,899	$ 75,793,832	$ 63,518,873
LIABILITIES				
Vouchers payable	158,687	286	158,687	286
Due to employees under State Deferred Compensation Plan	34,713,187	24,704,621	2,337,091	57,080,717
Other	5,259,932	74,476,278	73,298,340	6,437,870
TOTAL LIABILITIES	$ 40,131,806	$ 99,181,185	$ 75,794,118	$ 63,518,873
CUSTODIAL AND CLEARANCE				
ASSETS - cash	$ 148,845,330	$ 1,076,040,265	$ 1,051,785,626	$ 173,099,969
LIABILITIES				
Vouchers payable	225,196	17,790,749	225,197	17,790,748
Due to individuals, businesses and counties	148,533,279	1,075,483,619	1,164,973,581	59,043,317
Due to General Fund	-	95,622,402	-	95,622,402
Due to Special Revenue Funds	86,855	556,647	-	643,502
TOTAL LIABILITIES	$ 148,845,330	$ 1,189,453,417	$ 1,165,198,778	$ 173,099,969
TOTAL - AGENCY FUNDS				
ASSETS				
Cash	158,892,291	3,077,696,252	3,054,684,326	181,904,217
Assets held by agents for State Deferred Compensation Plan	34,713,187	24,704,621	2,337,091	57,080,717
TOTAL ASSETS	$ 193,605,478	$ 3,102,400,873	$ 3,057,021,417	$ 238,984,934
LIABILITIES				
Vouchers payable	2,576,671	19,811,013	2,576,672	19,811,012
Due to employees under State Deferred Compensation Plan	34,713,187	24,704,621	2,337,091	57,080,717
Due to individuals, businesses and counties	150,968,833	3,002,663,328	3,094,242,730	59,389,431
Due to General Fund	-	95,622,402	-	95,622,402
Due to Special Revenue Funds	86,855	556,647	-	643,502
Other	5,259,932	74,476,278	73,298,340	6,437,870
TOTAL LIABILITIES	$ 193,605,478	$ 3,217,834,289	$ 3,172,454,833	$ 238,984,934

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for fixed assets of the State of Hawaii, excluding those in the custody of Enterprise Funds and University Funds.

STATE OF HAWAII

SCHEDULE H-1

SCHEDULE OF GENERAL FIXED ASSETS
(UNAUDITED)
JUNE 30, 1987

GENERAL FIXED ASSETS	
Land	$ 366,279,616
Buildings and improvements	819,476,854
Equipment	302,214,395
Construction in progress	169,462,939
TOTAL GENERAL FIXED ASSETS	$ 1,657,433,804
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	$ 1,657,433,804

STATE OF HAWAII

SCHEDULE H-2

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Land	Buildings And Improvements	Equipment	Total
BALANCE, JULY 1, 1986	$ 347,476,756	$ 770,135,384	$ 270,801,185	$ 1,388,413,325
Additions	20,785,966	49,514,787	35,608,473	105,909,226
Deductions	1,983,106	173,317	4,195,263	6,351,686
	$ 366,279,616	$ 819,476,854	$ 302,214,395	1,487,970,865
CONSTRUCTION IN PROGRESS, JUNE 30, 1987				169,462,939
BALANCE, JUNE 30, 1987				$ 1,657,433,804

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The General Long-Term Obligations Account Group is used to account for all long-term debt of the State of Hawaii, including reimbursable general obligation bonds (other than Enterprise and University Funds), regular general obligation bonds and other long-term obligations.

STATE OF HAWAII

SCHEDULE I-1

SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
AS OF JUNE 30, 1987

AMOUNT AVAILABLE AND RESOURCES TO BE PROVIDED IN FUTURE YEARS		
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS		$ 170,137,578
RESOURCES TO BE PROVIDED IN FUTURE YEARS		
Retirement of:		
General obligation bonds payable	$ 1,576,519,895	
Notes and installment contracts payable	8,798,566	
Accrued vacation payable	65,412,825	
Claims and judgments payable	13,300,000	
Total resources to be provided in future years		1,664,031,286
TOTAL AMOUNT AVAILABLE AND RESOURCES TO BE PROVIDED IN FUTURE YEARS		$ 1,834,168,864
GENERAL LONG-TERM OBLIGATIONS		
BONDS PAYABLE		
General obligation bonds payable		1,746,657,473
NOTES AND INSTALLMENT CONTRACTS PAYABLE		
Loan payable to Hawaii Housing Authority for Hawaiian Home Lands Projects	2,873,037	
Loan payable to U. S. Government for Molokai Water and Land Utilization Project	2,933,923	
Installment contracts payable	2,991,606	
Total notes and installment contracts payable		8,798,566
ACCRUED VACATION PAYABLE		65,412,825
CLAIMS AND JUDGMENTS PAYABLE		13,300,000
TOTAL GENERAL LONG-TERM OBLIGATIONS		$ 1,834,168,864

STATE OF HAWAII

SCHEDULE I-2

SCHEDULE OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	General Obligation Bonds Payable	Notes And Installment Contracts Payable	Accrued Vacation Payable	Claims And Judgments Payable	Total
BALANCE, JULY 1, 1986	$ 1,651,898,590	$ 10,218,391	$ 69,754,905	$ 5,900,000	$ 1,737,771,886
Add:					
Bonds issued, fiscal year 1987	533,191,150	-	-	-	533,191,150
Additions to installment contracts payable	-	269,654	-	-	269,654
Net increase in claims and judgments payable	-	-	-	7,400,000	7,400,000
	2,185,089,740	10,488,045	69,754,905	13,300,000	2,278,632,690
Less:					
Bonds retired, fiscal year 1987	122,017,599	-	-	-	122,017,599
Bonds extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	212,284,668	-	-	-	212,284,668
Bonds extinguished by general obligation refunding bonds of 1987, Series BI, March 1, 1987	104,130,000	-	-	-	104,130,000
Retirement of notes payable	-	564,315	-	-	564,315
Retirement of installment contracts payable	-	1,125,164	-	-	1,125,164
Net decrease in accrued vacation payable	-	-	4,342,080	-	4,342,080
BALANCE, JUNE 30, 1987	$ 1,746,657,473	$ 8,798,566	$ 65,412,825	$ 13,300,000	$ 1,834,168,864

UNIVERSITY FUNDS

The University Funds are used to account for all transactions relating to public institutions of higher education. The University Funds are comprised of the following:

- College and universities:
  - University of Hawaii at Hilo
  - University of Hawaii at Manoa
  - West Oahu College
- Community colleges:
  - Hawaii Community College
  - Honolulu Community College
  - Kapiolani Community College
  - Kauai Community College
  - Leeward Community College
  - Maui Community College
  - Windward Community College

STATE OF HAWAII

EXHIBIT J-1

COMBINING BALANCE SHEET - UNIVERSITY FUNDS
JUNE 30, 1987

ASSETS	Current Funds		Loan Funds	Endowment Funds	Agency Funds	Plant Funds	Total
	Unrestricted	Restricted					
Cash and short-term cash investments	$ 29,038,566	$ 7,715,361	$ 1,752,383	$ 1,840,827	$ -	$ 4,631,680	$ 44,978,817
Receivables:							
Accounts and accrued interest (net of allowance for doubtful accounts of $127,848)	1,652,150	2,055,494	71	1,852,883	433,187	15,560	6,010,345
Notes (net of allowance for doubtful accounts of $3,301,601)	-	-	13,932,188	-	-	-	13,932,188
Claims - Federal grants	1,262	7,875,616	-	-	-	119,195	7,996,073
Other	-	-	1,031	195,771	-	334,890	531,692
Due from Internal University Funds	27,581	-	13,047	947	-	517,931	559,506
Due from other funds:							
General Fund	12,622,738	-	-	-	-	-	12,622,738
Capital Projects Fund	-	-	-	-	-	1,650,000	1,650,000
Investments	250	-	-	17,762,081	-	731,321	18,493,652
Inventory	5,737,289	41,900	-	-	-	-	5,779,189
Property, plant and equipment	-	-	-	-	-	590,537,113	590,537,113
Prepaid expenses	406,695	10	-	-	-	-	406,705
TOTAL ASSETS	$ 49,486,531	$ 17,688,381	$ 15,698,720	$ 21,652,509	$ 433,187	$ 598,538,690	$ 703,498,018
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers and contracts payable	4,809,881	2,384,870	-	407,642	302,453	275,088	8,179,934
Other accrued liabilities	15,945,654	2,050,187	777	-	-	662,882	18,659,500
Due to Internal University Funds	517,931	-	-	-	13,047	28,528	559,506
Advances from sponsors	10,089	3,916,700	-	-	-	221,796	4,148,585
Installment contracts payable	-	-	-	-	-	2,706,450	2,706,450
Deferred revenue	5,761,520	-	-	-	-	-	5,761,520
Revenue bonds payable	-	-	-	-	-	7,476,000	7,476,000
General obligation bonds payable	-	-	-	-	-	27,097,227	27,097,227
Other	21,916	5,778,893	-	-	117,687	41,549	5,960,045
Total liabilities	27,066,991	14,130,650	777	407,642	433,187	38,509,520	80,548,767
FUND BALANCES							
Investment in fixed assets	-	-	-	-	-	560,029,170	560,029,170
Federal grants refundable	-	-	9,734,865	-	-	-	9,734,865
University Funds:							
Restricted	-	3,557,731	5,963,078	21,244,867	-	-	30,765,676
Unrestricted	22,419,540	-	-	-	-	-	22,419,540
Total fund balances	22,419,540	3,557,731	15,697,943	21,244,867	-	560,029,170	622,949,251
TOTAL LIABILITIES AND FUND BALANCES	$ 49,486,531	$ 17,688,381	$ 15,698,720	$ 21,652,509	$ 433,187	$ 598,538,690	$ 703,498,018

STATE OF HAWAII

EXHIBIT J-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Current Funds		Loan	Endowment	Plant	
	Unrestricted	Restricted	Funds	Funds	Funds	Total
REVENUES AND OTHER ADDITIONS						
Educational and general revenues:						
Tuition and fees	$ 9,630,627	$ (69)	$ -	$ -	$ -	$ 9,630,558
Federal appropriations, grants and contracts	4,066,267	57,020,036	165,207	-	353,323	61,604,833
Indirect State support	-	-	49,551	-	-	49,551
State and local grants and contracts	9,075	4,343,234	-	-	-	4,352,309
Private gifts, grants and contracts	-	4,392,145	-	3,041,568	2,528,777	9,962,490
Sales and services	4,199,422	328,267	-	-	-	4,527,689
Endowment income and others	218,241	564,572	-	-	-	782,813
Auxiliary enterprises revenues	30,961,925	-	-	-	-	30,961,925
Investment income	-	-	397,292	2,357,801	117,869	2,872,962
Expended for plant facilities	-	-	-	-	19,320,940	19,320,940
Contributions for plant facilities	-	-	-	-	16,862,545	16,862,545
Contributions for debt retirement	-	-	-	-	737,765	737,765
Other	1,210,426	80,576	34,071	-	2,134,189	3,459,262
Total revenues and other additions	50,295,983	66,728,761	646,121	5,399,369	42,055,408	165,125,642
EXPENDITURES AND OTHER DEDUCTIONS						
Educational and general expenditures:						
Instruction	113,355,737	8,005,860	-	-	-	121,361,597
Research	30,756,472	36,677,407	-	-	-	67,433,879
Public service	10,149,729	10,622,535	-	-	-	20,772,264
Academic support	33,700,126	2,197,743	-	-	-	35,897,869
Student services	14,220,668	2,371,257	-	-	-	16,591,925
Institutional support	21,341,038	750,604	-	-	-	22,091,642
Operation and maintenance of plant	20.763,353	166,959	-	-	-	20,930,312
Scholarship and fellowship	146,661	5,814,841	-	-	-	5,961,502
Auxiliary enterprises expenditures	27,354,081	-	-	-	-	27,354,081
Independent operation expenditures	1,526,147	398,958	-	-	-	1,925,105
Expenditures for plant facilities	-	-	-	-	3,406,739	3,406,739
Loan cancellations, write-offs and allowance for uncollectible loans	-	-	24,046	-	-	24,046
Debt retirement and interest	-	-	-	-	2,821,190	2,821,190
Disposal and write-off of plant facilities	-	-	-	-	14,983,503	14,983,503
Other	11,367	-	192,339	-	947	204,653
Total expenditures and other deductions	$ 273,325,379	$ 67,006,164	$ 216,385	$ -	$ 21,212,379	$ 361,760,307

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Total
	Unrestricted	Restricted				
UNIVERSITY INTERFUND TRANSFERS (OUT) IN						
Mandatory:						
Principal and interest	$ (2,184,972)	$ -	$ -	$	$ 2,184,972	$ -
Renewals and replacements	(204,475)	-	-	-	204,475	-
Voluntary:						
Renewals and replacements	(970,109)	-	-	-	970,109	-
Quasi-endowment - unrestricted principal	(562,500)	-	-	562,500	-	-
Reinvestment of endowment income	(227,472)	(43,761)	-	271,233	-	-
Contribution to Loan Funds	(451,650)	29,816	421,834	-	-	-
Distribution of prior year's endowment income	9,231	24,035	-	(33,266)	-	-
Other	20,378	(20,378)	-	-	-	-
Total University interfund transfers	(4,571,569)	(10,288)	421,834	800,467	3,359,556	-
OPERATING TRANSFERS IN FROM						
General Fund	232,320,457	226,132	-	-	-	232,546,589
Capital Projects Fund	-	-	-	-	419,320	419,320
Total operating transfers	232,320,457	226,132	-	-	419,320	232,965,909
Net increase (decrease) in fund balances	4,719,492	(61,559)	851,570	6,199,836	24,621,905	36,331,244
FUND BALANCES, JULY 1, 1986	17,700,048	3,619,290	14,846,373	15,045,031	535,407,265	586,618,007
FUND BALANCES, JUNE 30, 1987	$ 22,419,540	$ 3,557,731	$ 15,697,943	$ 21,244,867	$ 560,029,170	$ 622,949,251

PART III: STATISTICAL SECTION

SCHEDULE OF REVENUES BY SOURCE - ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS

(In Millions)

Source	For The Fiscal Year Ended June 30, 1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Taxes:										
General excise	$ 817.9	$ 747.1	$ 684.0	$ 639.6	$ 601.5	$ 577.3	$ 549.3	$ 498.7	$ 430.8	$ 367.7
Income	603.8	506.4	473.6	438.8	371.4	322.0	381.4	353.8	296.8	251.1
Public service companies	64.3	73.0	64.9	62.2	68.9	58.7	51.7	33.2	35.2	34.6
Liquid fuel	41.5	38.7	30.3	29.6	28.9	28.3	28.8	34.8	35.2	33.8
Insurance companies premiums	35.3	33.8	28.7	27.0	27.1	27.2	24.0	22.2	18.5	15.7
Tobacco	19.1	19.7	19.7	19.9	17.6	14.0	13.8	12.8	11.9	11.0
Liquor	130.2(1)	29.8	20.6	(.2)	9.3	7.7	7.0	13.0	20.4	18.0
Motor vehicle	17.5	15.0	9.3	9.1	8.7	8.3	8.3	8.3	8.0	6.9
Inheritance and estate	5.2	6.0	12.3	6.7	6.4	5.1	4.6	4.3	4.1	4.0
Franchise	15.3	4.9	3.9	.5	(2.4)	3.9	5.8	7.8	7.6	5.2
Transient accommodations	23.5(2)	-	-	-	-	-	-	-	-	-
Other	4.3	2.1	2.5	2.2	1.6	1.8	2.3	2.3	1.9	1.3
TOTAL TAXES	1,777.9	1,476.5	1,349.8	1,235.4	1,139.0	1,054.3	1,077.0	991.2	870.4	749.3
Interest and investment income	52.6	59.8	63.1	51.8	78.2	91.6	77.9	69.5	40.9	22.4
Charges for current services	104.8	98.4	94.1	89.8	73.0	78.0	110.4	174.6	169.7	153.8
Intergovernmental	324.7	315.1	286.8	311.1	334.9	317.3	390.1	374.8	337.7	376.4
Rentals	10.3	10.6	9.8	10.1	22.9	21.1	20.5	17.5	3.9	3.9
Fines, forfeitures and penalties	12.9	13.2	11.4	9.5	9.2	8.0	7.2	6.0	5.7	4.9
Licenses and fees	3.5	3.7	3.2	3.7	2.9	2.9	2.7	2.7	2.3	2.3
Contributions from agencies participating in debt service requirements	39.5	40.4	41.2	40.1	40.0	37.7	36.3	35.2	34.8	31.9
Other	26.7	32.4	20.2	20.2	53.8	57.7	79.1	56.3	72.8	71.9
TOTAL REVENUES - ALL GOVERNMENTAL FUND TYPES	$2,352.9	$2,050.1	$1,879.6	$1,771.7	$1,753.9	$1,668.6	$1,801.2	$1,727.8	$1,538.2	$1,416.8

The following reclassifications were made in conformity with generally accepted accounting principles:

a. Effective with the fiscal year ended June 30, 1981, the Airports and Harbors systems were reclassified as Enterprise Funds.
b. Effective with the fiscal year ended June 30, 1982, the State Hospitals and University system were reclassified as Enterprise and University Funds, respectively.
c. Effective with the fiscal year ended June 30, 1984, the Hawaii Housing Authority was reclassified separately as Enterprise Funds.

Prior to these reclassifications, the revenues of the Enterprise and University Funds were reported within the various revenue sources of the Governmental Fund Types. The prior years have not been restated to reflect these reclassifications.

(1) Includes $95,622,402 of protested liquor tax payments held in the Trust and Agency Funds which were recognized as revenues for the fiscal year ended June 30, 1987.

(2) Effective January 1, 1987, the transient accommodations tax levied was authorized by Act 340, SLH 1986.

SCHEDULE OF EXPENDITURES BY FUNCTION - ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS

(In Millions)

Function	For The Fiscal Year Ended June 30, 1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
General government	$ 185.7	$ 176.1	$ 133.2	$ 116.2	$ 118.9	$ 136.2	$ 108.8	$ 78.7	$ 75.8	$ 63.0
Public safety	137.5	120.1	87.7	77.8	75.1	65.1	59.9	52.5	52.8	88.2
Highways	117.7	119.3	102.0	135.7	138.6	110.2	114.9	119.2	116.0	85.9
Conservation of natural resources	23.6	28.6	29.2	26.5	37.2	25.8	27.9	34.1	25.3	29.5
Health	118.5	109.1	99.0	93.2	96.3	92.1	132.0	125.7	127.2	112.6
Welfare	341.3	321.8	321.1	325.8	328.3	317.2	297.8	253.4	243.8	241.8
Education	553.6	504.9	458.9	448.5	459.9	415.1	616.1	561.6	505.0	481.0
Culture and recreation	41.6	39.0	33.1	33.9	39.8	31.6	44.8	39.7	31.1	27.3
Urban redevelopment and housing	13.7	11.2	14.5	9.2	154.3	84.2	174.9	101.2	48.7	50.8
Economic development and assistance	69.3	56.7	34.8	31.8	37.9	36.4	36.0	39.0	38.3	39.5
Airports	-	-	-	-	-	-	-	68.2	65.3	49.2
Water transport and terminals	-	-	-	-	-	-	-	23.3	21.3	22.0
Debt service	251.6	234.2	387.2	210.5	259.9	188.6	179.8	174.8	165.6	141.2
Intergovernmental	31.4	18.2	18.2	18.2	18.2	18.3	18.2	18.2	20.7	22.3
Social security and pension contributions	108.0	142.1	175.0	150.9	144.6	114.6	94.3	78.1	75.8	78.6
Other	18.3	19.6	20.4	23.5	13.8	12.7	12.5	7.4	8.0	15.8
TOTAL EXPENDITURES - ALL GOVERNMENTAL FUND TYPES	$ 2,011.8	$ 1,900.9	$ 1,914.3	$ 1,701.7	$ 1,922.8	$ 1,648.1	$ 1,917.9	$ 1,775.1	$ 1,618.7	$ 1,548.7

The following reclassifications were made in conformity with generally accepted accounting principles:

a. Effective with the fiscal year ended June 30, 1981, the Airports and Harbors systems were reclassified as Enterprise Funds.
b. Effective with the fiscal year ended June 30, 1982, the State Hospitals and University system were reclassified as Enterprise and University Funds, respectively.
c. Effective with the fiscal year ended June 30, 1984, the Hawaii Housing Authority was reclassified as Enterprise Funds.
d. Effective with the fiscal year ended June 30, 1986, health fund contributions are included in the expenditure function, General Government, instead of being reflected in social security and pension contributions.

Prior to these reclassifications, the expenditures of the Enterprise and University Funds were reported within the various expenditure functions of the Governmental Fund Types. The prior years have not been restated to reflect these reclassifications.

STATE OF HAWAII

SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	(Expressed In Thousands) Principal	Interest And Fees	Total Debt Service	Total General Expenditures	Ratio Of Debt Service To General Expenditures
1987	$ 128,434	$ 123,162	$ 251,596	$ 2,011,822	12.51%
1986	116,734	117,505	234,239	1,900,953	12.32
1985	105,664	111,128	216,792(1)	1,743,893(1)	12.43
1984	98,726	111,805	210,531	1,701,726	12.37
1983	141,868	118,082	259,950	1,922,847	13.52
1982	93,798	94,786	188,584	1,648,147	11.44
1981	87,906	91,930	179,836	1,917,946	9.38
1980	83,055	91,703	174,758	1,775,086	9.84
1979	76,040	89,547	165,587	1,618,670	10.23
1978	59,994	81,167	141,161	1,548,718	9.11

(1) Excludes $170,415,177 payment made to trustee for extinguished General Obligation Bonds Series AS dated November 1, 1981 and Series AT dated June 1, 1982.

STATE OF HAWAII

SCHEDULE K-4

SCHEDULE OF GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population(1) (Expressed In Thousands)	Total Outstanding State General Obligation Debt(2)	State General Obligation Debt Per Capita
1987	1,078	$ 1,746,657	$ 1,620
1986	1,071	1,651,899	1,542
1985	1,056	1,608,397	1,523
1984	1,039	1,545,521	1,488
1983	1,023	1,486,880	1,453
1982	997	1,353,791	1,358
1981	981	1,215,824	1,239
1980	969	1,295,184	1,337
1979	950	1,221,786	1,286
1978	929	1,220,190	1,313

(1) Source: Department of Planning and Economic Development, State of Hawaii.

(2) Source: Accounting Division, Department of Accounting and General Services.

STATE OF HAWAII

SCHEDULE K-5

SCHEDULE OF CHANGES IN LONG-TERM BONDED INDEBTEDNESS - GENERAL OBLIGATION BONDS
LAST THREE FISCAL YEARS

BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1984	$ 1,641,694,840
Less:	
General obligation bonds matured during the fiscal year ended June 30, 1985	105,664,220
General obligation bonds, Series AS, November 1, 1981, extinguished by general obligation refunding bonds of 1985, Series BA, March 1, 1985	70,830,000
General obligation bonds, Series AT, June 1, 1982, extinguished by general obligation refunding bonds of 1985, Series BA, March 1, 1985	75,000,000
	1,390,200,620
Add:	
General obligation bonds issued, October 1, 1984	75,000,000
General obligation bonds issued, March 1, 1985	157,435,000
General obligation bonds issued, June 1, 1985	75,000,000
BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1985	1,697,635,620
Less:	
General obligation bonds matured during the fiscal year ended June 30, 1986	116,734,270
General obligation bonds, Series AR, August 1, 1981, extinguished by general obligation refunding bonds of 1985, Series BC, July 1, 1985	70,830,000
	1,510,071,350
Add:	
General obligation bonds issued, July 1, 1985	74,900,000
General obligation bonds issued, November 1, 1985	75,000,000
General obligation bonds issued, March 1, 1986	75,000,000
BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1986	1,734,971,350
Less:	
General obligation bonds matured during the fiscal year ended June 30, 1987	128,434,270
General obligation bonds, Series AU, October 1, 1982, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	49,980,000
General obligation bonds, Series AW, June 1, 1983, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	49,980,000
General obligation bonds, Series AY, April 1, 1984, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	54,150,000
General obligation bonds, Series AZ, October 1, 1984, extinguished by general obligation refunding bonds of 1986, Series BG, November 1, 1986	58,320,000
General obligation bonds, Series AV, March 1, 1983, extinguished by general obligation refunding bonds of 1987, Series BI, March 1, 1987	49,980,000
General obligation bonds, Series AX, October 1, 1983, extinguished by general obligation refunding bonds of 1987, Series BI, March 1, 1987	54,150,000
	1,289,977,080
Add:	
General obligation bonds issued, August 1, 1986	80,000,000
General obligation bonds issued, November 1, 1986	252,090,000
General obligation bonds issued, March 1, 1987	201,610,000
BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1987	$ 1,823,677,080

STATE OF HAWAII

SCHEDULE K-6

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1985	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987
November 1, 1963	3.500%	May and November 1, 1985/1988	$ 6,160,000	$ 4,400,000	$ 2,640,000
December 1, 1965	3.500	December 1, 1982/1985	780,000	-	-
June 1, 1966	3.900	June 1, 1984/1986	555,000	-	-
May 15, 1967	4.000	May 15, 1985/1987	2,220,000	1,110,000	-
September 1, 1967	4.100	September 1, 1983/1987	1,350,000	900,000	450,000
November 1, 1967	4.300	November 1, 1973/1986	1,110,000	-	-
November 1, 1967	4.350	November 1, 1986/1987	2,220,000	2,220,000	1,110,000
March 1, 1968	4.500	March 1, 1986/1988	4,995,000	3,330,000	1,665,000
September 1, 1968	4.250	September 1, 1981/1986	4,220,000	2,110,000	-
September 1, 1968	4.350	September 1, 1987/1988	4,220,000	4,220,000	4,220,000
March 1, 1969	5.100	March 1, 1985/1986	1,665,000	-	-
March 1, 1969	5.200	March 1, 1987/1989	4,995,000	4,995,000	3,330,000
September 1, 1969	3.000	September 1, 1972/1989	1,075,000	860,000	645,000
April 1, 1970	6.300	April 1, 1986	1,665,000	-	-
April 1, 1970	6.400	April 1, 1987/1988	3,330,000	3,330,000	1,665,000
April 1, 1970	5.500	April 1, 1989/1990	3,330,000	3,330,000	3,330,000
October 1, 1970	6.200	October 1, 1985	3,055,000	-	-
October 1, 1970	6.300	October 1, 1986	3,055,000	3,055,000	-
October 1, 1970	6.400	October 1, 1987	3,055,000	3,055,000	3,055,000
October 1, 1970	6.500	October 1, 1988	3,055,000	3,055,000	3,055,000
October 1, 1970	5.500	October 1, 1989/1990	6,110,000	6,110,000	6,110,000
March 1, 1971	4.800	March 1, 1986	3,055,000	-	-
March 1, 1971	4.900	March 1, 1987	3,055,000	3,055,000	-
March 1, 1971	5.000	March 1, 1988/1989	6,110,000	6,110,000	6,110,000
March 1, 1971	4.000	March 1, 1990/1991	6,110,000	6,110,000	6,110,000
September 1, 1971	5.000	September 1, 1985/1986	6,110,000	3,055,000	-
September 1, 1971	5.100	September 1, 1987/1988	6,110,000	6,110,000	6,110,000
September 1, 1971	5.000	September 1, 1989	3,055,000	3,055,000	3,055,000
September 1, 1971	4.250	September 1, 1990/1991	6,110,000	6,110,000	6,110,000
February 1, 1972	4.800	February 1, 1986	3,055,000	-	-
February 1, 1972	5.000	February 1, 1987/1990	12,220,000	12,220,000	9,165,000
February 1, 1972	4.250	February 1, 1991/1992	6,110,000	6,110,000	6,110,000
August 1, 1972	5.000	August 1, 1975/1992	975,000	875,000	770,000
August 1, 1972	4.000	August 1, 1993/2007	3,380,000	3,380,000	3,380,000
August 1, 1972	5.000	August 1, 1980/1986	6,110,000	3,055,000	-
August 1, 1972	5.100	August 1, 1987	3,055,000	3,055,000	3,055,000
August 1, 1972	5.200	August 1, 1988	3,055,000	3,055,000	3,055,000
August 1, 1972	5.250	August 1, 1989/1990	6,110,000	6,110,000	6,110,000
August 1, 1972	5.400	August 1, 1991	3,055,000	3,055,000	3,055,000
August 1, 1972	5.000	August 1, 1992	3,055,000	3,055,000	3,055,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1985	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987
February 1, 1973	4.700%	February 1, 1986	$ 3,055,000	$ -	$ -
February 1, 1973	4.800	February 1, 1987/1988	6,110,000	6,110,000	3,055,000
February 1, 1973	4.900	February 1, 1989/1990	6,110,000	6,110,000	6,110,000
February 1, 1973	5.000	February 1, 1991/1992	6,110,000	6,110,000	6,110,000
February 1, 1973	4.000	February 1, 1993	3,055,000	3,055,000	3,055,000
June 1, 1973	4.750	June 1, 1986	4,165,000	-	-
June 1, 1973	4.800	June 1, 1987/1988	8,330,000	8,330,000	4,165,000
June 1, 1973	4.900	June 1, 1989/1990	8,330,000	8,330,000	8,330,000
June 1, 1973	5.000	June 1, 1991/1993	12,495,000	12,495,000	12,495,000
December 1, 1973	4.600	December 1, 1985	1,945,000	-	-
December 1, 1973	4.700	December 1, 1986	1,945,000	1,945,000	-
December 1, 1973	4.800	December 1, 1987	1,945,000	1,945,000	1,945,000
December 1, 1973	4.900	December 1, 1988	1,945,000	1,945,000	1,945,000
December 1, 1973	5.000	December 1, 1989/1993	9,725,000	9,725,000	9,725,000
April 1, 1974	5.700	April 1, 1986	4,165,000	-	-
April 1, 1974	5.500	April 1, 1987/1989	12,495,000	12,495,000	8,330,000
April 1, 1974	5.600	April 1, 1990/1991	8,330,000	8,330,000	8,330,000
April 1, 1974	5.700	April 1, 1992	4,165,000	4,165,000	4,165,000
April 1, 1974	5.750	April 1, 1993	4,165,000	4,165,000	4,165,000
April 1, 1974	5.000	April 1, 1994	4,165,000	4,165,000	4,165,000
March 1, 1975	6.000	March 1, 1986	4,165,000	-	-
March 1, 1975	6.100	March 1, 1987	4,165,000	4,165,000	-
March 1, 1975	6.200	March 1, 1988	4,165,000	4,165,000	4,165,000
March 1, 1975	6.300	March 1, 1989	4,165,000	4,165,000	4,165,000
March 1, 1975	6.400	March 1, 1990	4,165,000	4,165,000	4,165,000
March 1, 1975	6.500	March 1, 1991/1993	12,495,000	12,495,000	12,495,000
March 1, 1975	5.750	March 1, 1994/1995	8,330,000	8,330,000	8,330,000
September 1, 1975	6.000	September 1, 1985	4,165,000	-	-
September 1, 1975	6.100	September 1, 1986	4,165,000	4,165,000	-
September 1, 1975	6.200	September 1, 1987	4,165,000	4,165,000	4,165,000
September 1, 1975	6.300	September 1, 1988	4,165,000	4,165,000	4,165,000
September 1, 1975	6.400	September 1, 1989	4,165,000	4,165,000	4,165,000
September 1, 1975	6.500	September 1, 1990	4,165,000	4,165,000	4,165,000
September 1, 1975	6.600	September 1, 1991	4,165,000	4,165,000	4,165,000
September 1, 1975	6.700	September 1, 1992	4,165,000	4,165,000	4,165,000
September 1, 1975	6.800	September 1, 1993	4,165,000	4,165,000	4,165,000
September 1, 1975	6.000	September 1, 1994/1995	8,330,000	8,330,000	8,330,000
November 1, 1975	6.500	November 1, 1980/1985	2,780,000	-	-
November 1, 1975	6.250	November 1, 1986	2,780,000	2,780,000	-
November 1, 1975	6.000	November 1, 1987	2,780,000	2,780,000	2,780,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1985	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987
November 1, 1975	6.100%	November 1, 1988	$ 2,775,000	$ 2,775,000	$ 2,775,000
November 1, 1975	6.300	November 1, 1989	2,775,000	2,775,000	2,775,000
November 1, 1975	6.400	November 1, 1990	2,775,000	2,775,000	2,775,000
November 1, 1975	6.500	November 1, 1991/1993	8,325,000	8,325,000	8,325,000
November 1, 1975	5.500	November 1, 1994/1995	5,550,000	5,550,000	5,550,000
March 1, 1976	6.500	March 1, 1979/1986	4,165,000	-	-
March 1, 1976	6.000	March 1, 1987	4,165,000	4,165,000	-
March 1, 1976	5.900	March 1, 1988	4,165,000	4,165,000	4,165,000
March 1, 1976	6.000	March 1, 1989	4,165,000	4,165,000	4,165,000
March 1, 1976	6.100	March 1, 1990	4,165,000	4,165,000	4,165,000
March 1, 1976	6.200	March 1, 1991	4,165,000	4,165,000	4,165,000
March 1, 1976	6.250	March 1, 1992	4,165,000	4,165,000	4,165,000
March 1, 1976	6.000	March 1, 1993/1994	8,330,000	8,330,000	8,330,000
March 1, 1976	5.500	March 1, 1995/1996	8,330,000	8,330,000	8,330,000
June 1, 1976	5.500	June 1, 1986	4,165,000	-	-
June 1, 1976	5.600	June 1, 1987	4,165,000	4,165,000	-
June 1, 1976	5.750	June 1, 1988	4,165,000	4,165,000	4,165,000
June 1, 1976	5.800	June 1, 1989	4,165,000	4,165,000	4,165,000
June 1, 1976	6.000	June 1, 1990/1991	8,330,000	8,330,000	8,330,000
June 1, 1976	6.200	June 1, 1992/1993	8,330,000	8,330,000	8,330,000
June 1, 1976	6.000	June 1, 1994	4,165,000	4,165,000	4,165,000
June 1, 1976	5.500	June 1, 1995/1996	8,330,000	8,330,000	8,330,000
September 1, 1976	7.000	September 1, 1977/1987	955,000	590,000	205,000
September 1, 1976	6.500	March 1, 1988/September 1, 1988	425,000	425,000	425,000
September 1, 1976	6.000	March 1, 1989/September 1, 1998	6,115,000	6,115,000	6,115,000
September 1, 1976	6.100	March 1, 1999/September 1, 1999	850,000	850,000	850,000
September 1, 1976	6.200	March 1, 2000/September 1, 2003	3,990,000	3,990,000	3,990,000
September 1, 1976	6.250	March 1, 2004/September 1, 2005	2,405,000	2,405,000	2,405,000
September 1, 1976	6.300	March 1, 2006/September 1, 2007	2,730,000	2,730,000	2,730,000
September 1, 1976	6.000	March 1, 2008/September 1, 2011	6,605,000	6,605,000	6,605,000
December 1, 1976	4.700	December 1, 1985	4,165,000	-	-
December 1, 1976	4.600	December 1, 1986	4,165,000	4,165,000	-
December 1, 1976	4.700	December 1, 1987	4,165,000	4,165,000	4,165,000
December 1, 1976	4.800	December 1, 1988	4,165,000	4,165,000	4,165,000
December 1, 1976	4.900	December 1, 1989	4,165,000	4,165,000	4,165,000
December 1, 1976	5.000	December 1, 1990/1992	12,495,000	12,495,000	12,495,000
December 1, 1976	5.020	December 1, 1993/1994	8,330,000	8,330,000	8,330,000
December 1, 1976	4.500	December 1, 1995/1996	8,330,000	8,330,000	8,330,000
April 1, 1977	5.500	April 1, 1980/1986	4,165,000	-	-
April 1, 1977	4.750	April 1, 1987	4,165,000	4,165,000	-

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1985	June 30, 1986	June 30, 1987
April 1, 1977	4.800%	April 1, 1988	$ 4,165,000	$ 4,165,000	$ 4,165,000
April 1, 1977	4.900	April 1, 1989	4,165,000	4,165,000	4,165,000
April 1, 1977	5.000	April 1, 1990	4,165,000	4,165,000	4,165,000
April 1, 1977	5.100	April 1, 1991	4,165,000	4,165,000	4,165,000
April 1, 1977	5.200	April 1, 1992	4,165,000	4,165,000	4,165,000
April 1, 1977	5.250	April 1, 1993/1994	8,330,000	8,330,000	8,330,000
April 1, 1977	5.500	April 1, 1995	4,165,000	4,165,000	4,165,000
April 1, 1977	5.000	April 1, 1996	4,165,000	4,165,000	4,165,000
April 1, 1977	4.500	April 1, 1997	4,165,000	4,165,000	4,165,000
August 1, 1977	5.250	August 1, 1980/1985	4,170,000	-	-
August 1, 1977	5.200	August 1, 1986	4,165,000	4,165,000	-
August 1, 1977	4.600	August 1, 1987	4,165,000	4,165,000	4,165,000
August 1, 1977	4.700	August 1, 1988	4,165,000	4,165,000	4,165,000
August 1, 1977	4.800	August 1, 1989	4,165,000	4,165,000	4,165,000
August 1, 1977	4.900	August 1, 1990	4,165,000	4,165,000	4,165,000
August 1, 1977	5.000	August 1, 1991/1992	8,330,000	8,330,000	8,330,000
August 1, 1977	5.100	August 1, 1993/1994	8,330,000	8,330,000	8,330,000
August 1, 1977	5.200	August 1, 1995/1996	8,330,000	8,330,000	8,330,000
August 1, 1977	4.250	August 1, 1997	4,165,000	4,165,000	4,165,000
February 1, 1978	5.000	February 1, 1985/1989	16,665,000	12,495,000	8,330,000
February 1, 1978	5.100	February 1, 1990/1991	8,330,000	8,330,000	8,330,000
February 1, 1978	5.200	February 1, 1992	4,165,000	4,165,000	4,165,000
February 1, 1978	5.250	February 1, 1993/1998	24,990,000	24,990,000	24,990,000
June 1, 1978	5.700	June 1, 1986	4,170,000	-	-
June 1, 1978	5.100	June 1, 1987/1988	8,330,000	8,330,000	4,165,000
June 1, 1978	5.200	June 1, 1989	4,165,000	4,165,000	4,165,000
June 1, 1978	5.250	June 1, 1990	4,165,000	4,165,000	4,165,000
June 1, 1978	5.300	June 1, 1991	4,165,000	4,165,000	4,165,000
June 1, 1978	5.400	June 1, 1992	4,165,000	4,165,000	4,165,000
June 1, 1978	5.500	June 1, 1993/1994	8,330,000	8,330,000	8,330,000
June 1, 1978	5.600	June 1, 1995/1997	12,495,000	12,495,000	12,495,000
June 1, 1978	5.000	June 1, 1998	4,165,000	4,165,000	4,165,000
February 1, 1979	5.900	February 1, 1983/1994	37,495,000	33,325,000	29,155,000
February 1, 1979	6.000	February 1, 1995/1999	20,825,000	20,825,000	20,825,000
July 1, 1979	5.600	July 1, 1984/1988	16,675,000	12,505,000	8,335,000
July 1, 1979	5.700	July 1, 1989/1994	24,990,000	24,990,000	24,990,000
July 1, 1979	5.750	July 1, 1995/1997	12,495,000	12,495,000	12,495,000
July 1, 1979	5.900	July 1, 1998/1999	8,330,000	8,330,000	8,330,000
June 1, 1980	6.300	June 1, 1984/1991	25,005,000	20,835,000	16,665,000
June 1, 1980	6.400	June 1, 1992/1993	8,330,000	8,330,000	8,330,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1985	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987
June 1, 1980	6.500%	June 1, 1994	$ 4,165,000	$ 4,165,000	$ 4,165,000
June 1, 1980	6.600	June 1, 1995	4,165,000	4,165,000	4,165,000
June 1, 1980	6.750	June 1, 1996/1997	8,330,000	8,330,000	8,330,000
June 1, 1980	7.000	June 1, 1998	4,165,000	4,165,000	4,165,000
June 1, 1980	7.100	June 1, 1999/2000	8,330,000	8,330,000	8,330,000
August 1, 1981	11.500	August 1, 1984/1996	50,005,000	-	-
August 1, 1981	11.600	August 1, 1997	4,165,000	-	-
August 1, 1981	11.700	August 1, 1998	4,165,000	-	-
August 1, 1981	11.800	August 1, 1999	4,165,000	-	-
August 1, 1981	12.000	August 1, 2000/2001	8,330,000	-	-
October 1, 1982	9.100	October 1, 1985/1992	33,350,000	29,180,000	16,680,000
October 1, 1982	9.300	October 1, 1993	4,165,000	4,165,000	-
October 1, 1982	9.400	October 1, 1994	4,165,000	4,165,000	-
October 1, 1982	9.600	October 1, 1995	4,165,000	4,165,000	-
October 1, 1982	9.750	October 1, 1996	4,165,000	4,165,000	-
October 1, 1982	9.800	October 1, 1997	4,165,000	4,165,000	-
October 1, 1982	9.900	October 1, 1998/2002	20,825,000	20,825,000	-
March 1, 1983	7.750	March 1, 1986/1988	12,510,000	8,340,000	4,170,000
March 1, 1983	8.000	March 1, 1989/1993	20,840,000	20,840,000	12,510,000
March 1, 1983	8.100	March 1, 1994	4,165,000	4,165,000	-
March 1, 1983	8.300	March 1, 1995	4,165,000	4,165,000	-
March 1, 1983	8.400	March 1, 1996	4,165,000	4,165,000	-
March 1, 1983	8.600	March 1, 1997	4,165,000	4,165,000	-
March 1, 1983	8.700	March 1, 1998	4,165,000	4,165,000	-
March 1, 1983	8.750	March 1, 1999/2003	20,825,000	20,825,000	-
June 1, 1983	7.000	June 1, 1986	4,170,000	-	-
June 1, 1983	8.800	June 1, 1987/1995	37,510,000	37,510,000	16,680,000
June 1, 1983	9.000	June 1, 1996	4,165,000	4,165,000	-
June 1, 1983	9.100	June 1, 1997/1998	8,330,000	8,330,000	-
June 1, 1983	9.200	June 1, 1999/2000	8,330,000	8,330,000	-
June 1, 1983	9.250	June 1, 2001/2003	12,495,000	12,495,000	-
October 1, 1983	8.400	October 1, 1986/1991	25,020,000	25,020,000	16,680,000
October 1, 1983	8.400	October 1, 1992/1993	8,330,000	8,330,000	-
October 1, 1983	8.600	October 1, 1994	4,165,000	4,165,000	-
October 1, 1983	8.700	October 1, 1995	4,165,000	4,165,000	-
October 1, 1983	8.800	October 1, 1996	4,165,000	4,165,000	-
October 1, 1983	8.900	October 1, 1997	4,165,000	4,165,000	-
October 1, 1983	9.000	October 1, 1998	4,165,000	4,165,000	-
October 1, 1983	9.100	October 1, 1999	4,165,000	4,165,000	-
October 1, 1983	9.200	October 1, 2000	4,165,000	4,165,000	-

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1985	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987
October 1, 1983	9.250%	October 1, 2001/2003	$ 12,495,000	$ 12,495,000	$ -
April 1, 1984	9.100	April 1, 1987/1992	25,020,000	25,020,000	16,680,000
April 1, 1984	9.100	April 1, 1993/1995	12,495,000	12,495,000	-
April 1, 1984	9.300	April 1, 1996	4,165,000	4,165,000	-
April 1, 1984	9.500	April 1, 1997	4,165,000	4,165,000	-
April 1, 1984	9.700	April 1, 1998	4,165,000	4,165,000	-
April 1, 1984	9.750	April 1, 1999/2004	24,990,000	24,990,000	-
October 1, 1984	9.250	October 1, 1988/1991	16,680,000	16,680,000	16,680,000
October 1, 1984	9.400	October 1, 1992/1996	20,835,000	20,835,000	-
October 1, 1984	9.600	October 1, 1997	4,165,000	4,165,000	-
October 1, 1984	9.750	October 1, 1998	4,165,000	4,165,000	-
October 1, 1984	9.900	October 1, 1999	4,165,000	4,165,000	-
October 1, 1984	10.000	October 1, 2000/2005	24,990,000	24,990,000	-
March 1, 1985	8.400	March 1, 1986/1993	74,095,000	64,830,000	55,565,000
March 1, 1985	8.500	March 1, 1994	9,260,000	9,260,000	9,260,000
March 1, 1985	8.700	March 1, 1995	9,260,000	9,260,000	9,260,000
March 1, 1985	8.800	March 1, 1996	9,260,000	9,260,000	9,260,000
March 1, 1985	9.000	March 1, 1997	9,260,000	9,260,000	9,260,000
March 1, 1985	9.100	March 1, 1998	9.260,000	9,260,000	9,260,000
March 1, 1985	9.300	March 1, 1999	9,260,000	9,260,000	9,260,000
March 1, 1985	9.375	March 1, 2000/2002	27,780,000	27,780,000	27,780,000
June 1, 1985	8.000	June 1, 1988/2005	75,000,000	75,000,000	75,000,000
July 1, 1985	7.300	July 1, 1986/1987	-	9,370,000	4,685,000
July 1, 1985	7.400	July 1, 1988/1993	-	28,090,000	28,090,000
July 1, 1985	7.600	July 1, 1994	-	4,680,000	4,680,000
July 1, 1985	7.750	July 1, 1995/1996	-	9,360,000	9,360,000
July 1, 1985	8.000	July 1, 1997/2001	-	23,400,000	23,400,000
November 1, 1985	7.700	November 1, 1988/1994	-	29,185,000	29,185,000
November 1, 1985	7.800	November 1, 1995	-	4,165,000	4,165,000
November 1, 1985	8.000	November 1, 1996	-	4,165,000	4,165,000
November 1, 1985	8.200	November 1, 1997	-	4,165,000	4,165,000
November 1, 1985	8.300	November 1, 1998	-	4,165,000	4,165,000
November 1, 1985	8.400	November 1, 1999	-	4,165,000	4,165,000
November 1, 1985	8.500	November 1, 2000/2005	-	24,990,000	24,990,000
March 1, 1986	6.250	March 1, 1989/1997	-	37,515,000	37,515,000
March 1, 1986	6.300	March 1, 1998	-	4,165,000	4,165,000
March 1, 1986	6.400	March 1, 1999	-	4,165,000	4,165,000
March 1, 1986	6.500	March 1, 2000	-	4,165,000	4,165,000
March 1, 1986	6.600	March 1, 2001/2006	-	24,990,000	24,990,000
August 1, 1986	6.900	August 1, 1989/1997	-	-	40,005,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1985	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987
August 1, 1986	7.000%	August 1, 1998/1999	$ -	$ -	$ 8,890,000
August 1, 1986	7.100	August 1, 2000/2006	-	-	31,105,000
November 1, 1986	6.000	November 1, 1991/1996	-	-	116,360,000
November 1, 1986	6.100	November 1, 1997	-	-	19,390,000
November 1, 1986	6.300	November 1, 1998	-	-	19,390,000
November 1, 1986	6.400	November 1, 1999	-	-	19,390,000
November 1, 1986	6.600	November 1, 2000	-	-	19,390,000
November 1, 1986	6.700	November 1, 2001	-	-	19,390,000
November 1, 1986	6.750	November 1, 2002	-	-	19,390,000
November 1, 1986	6.800	November 1, 2003	-	-	19,390,000
March 1, 1987	5.400	March 1, 1990/1994	-	-	22,225,000
March 1, 1987	5.500	March 1, 1995/1997	-	-	13,335,000
March 1, 1987	5.600	March 1, 1998	-	-	4,445,000
March 1, 1987	5.700	March 1, 1999	-	-	4,445,000
March 1, 1987	5.800	March 1, 2000	-	-	4,445,000
March 1, 1987	5.900	March 1, 2001	-	-	4,445,000
March 1, 1987	6.000	March 1, 2002/2007	-	-	26,660,000
March 1, 1987	5.400	March 1, 1992/1994	-	-	28,065,000
March 1, 1987	5.500	March 1, 1995/1997	-	-	28,065,000
March 1, 1987	5.600	March 1, 1998	-	-	9,355,000
March 1, 1987	5.700	March 1, 1999	-	-	9,355,000
March 1, 1987	5.800	March 1, 2000	-	-	9,355,000
March 1, 1987	5.900	March 1, 2001	-	-	9,355,000
March 1, 1987	6.000	March 1, 2002/2004	-	-	28,060,000
Halawa Jail Bonds (transferred from City and County of Honolulu) - various	Various	Various	85,620	71,350	57,080
TOTAL BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS			$ 1,697,635,620	$ 1,734,971,350	$ 1,823,677,080

STATE OF HAWAII

SCHEDULE K-7

SCHEDULE OF MATURED GENERAL OBLIGATION BONDS OUTSTANDING
LAST THREE FISCAL YEARS

(In Thousands)

Date Of Issue	Matured Bonds Outstanding June 30, 1984	Fiscal Year Ended June 30, 1985		Matured Bonds Outstanding June 30, 1985	Fiscal Year Ended June 30, 1986		Matured Bonds Outstanding June 30, 1986	Fiscal Year Ended June 30, 1987		Matured Bonds Outstanding June 30, 1987
		Maturities	Redemptions		Maturities	Redemptions		Maturities	Redemptions	
May 1, 1956	$ 1	$ -	$ -	$ 1	$ -	$ -	$ 1	$ -	$ -	$ 1
May 15, 1957	5	-	-	5	-	-	5	-	-	5
November 1, 1963	95	1,760	1,575	280	1,760	1,885	155	1,760	1,750	165
May 15, 1964	10	-	10	-	-	-	-	-	-	-
October 15, 1964	-	835	835	-	-	-	-	-	-	-
May 1, 1965	-	1,000	1,000	-	-	-	-	-	-	-
December 1, 1965	35	780	815	-	780	780	-	-	-	-
June 1, 1966	10	555	10	555	555	1,050	60	-	10	50
May 15, 1967	-	1,110	1,110	-	1,110	1,110	-	1,110	1,090	20
September 1, 1967	-	450	450	-	450	450	-	450	450	-
November 1, 1967	-	1,110	1,110	-	1,110	1,110	-	1,110	1,110	-
March 1, 1968	25	1,665	25	1,665	1,665	1,700	1,630	1,665	3,295	-
September 1, 1968	-	2,110	2,110	-	2,110	2,110	-	2,110	2,110	-
March 1, 1969	350	1,665	110	1,905	1,665	3,220	350	1,665	1,825	190
May 1, 1969	-	545	545	-	-	-	-	-	-	-
September 1, 1969	-	215	215	-	215	215	-	215	215	-
April 1, 1970	75	1,665	1,705	35	1,665	1,650	50	1,665	1,715	-
October 1, 1970	10	3,055	3,065	-	3,055	3,055	-	3,055	3,055	-
March 1, 1971	65	3,055	2,675	445	3,055	2,805	695	3,055	2,995	755
September 1, 1971	-	3,055	3,055	-	3,055	3,055	-	3,055	2,925	130
February 1, 1972	35	3,055	3,070	20	3,055	3,060	15	3,055	3,055	15
August 1, 1972	-	3,150	3,150	-	3,155	3,155	-	3,160	3,160	-
February 1, 1973	-	3,055	3,055	-	3,055	3,015	40	3,055	3,065	30
June 1, 1973	235	4,165	4,315	85	4,165	4,220	30	4,165	4,140	55
December 1, 1973	-	1,945	1,845	100	1,945	1,945	100	1,945	1,945	100
April 1, 1974	990	4,165	2,255	2,900	4,165	6,965	100	4,165	4,165	100
March 1, 1975	-	4,165	4,165	-	4,165	4,155	10	4,165	4,045	130
September 1, 1975	15	4,165	4,165	15	4,165	4,180	-	4,165	4,165	-
November 1, 1975	-	2,780	2,750	30	2,780	2,810	-	2,780	2,770	10
March 1, 1976	665	4,165	4,815	15	4,165	4,165	15	4,165	4,130	50
June 1, 1976	465	4,165	4,190	440	4,165	4,105	500	4,165	4,215	450
September 1, 1976	10	345	355	-	365	365	-	385	385	-
December 1, 1976	-	4,170	4,135	35	4,165	4,175	25	4,165	4,130	60
April 1, 1977	-	4,170	400	3,770	4,165	7,935	-	4,165	4,165	-
August 1, 1977	-	4,170	4,170	-	4,170	4,170	-	4,165	4,165	-
February 1, 1978	25	4,170	4,195	-	4,170	4,170	-	4,165	4,015	150
June 1, 1978	320	4,170	4,390	100	4,170	4,185	85	4,165	4,200	50

STATE OF HAWAII

SCHEDULE OF MATURED GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

(In Thousands)

Date Of Issue	Matured Bonds Outstanding June 30, 1984	Fiscal Year Ended June 30, 1985		Matured Bonds Outstanding June 30, 1985	Fiscal Year Ended June 30, 1986		Matured Bonds Outstanding June 30, 1986	Fiscal Year Ended June 30, 1987		Matured Bonds Outstanding June 30, 1987
		Maturities	Redemptions		Maturities	Redemptions		Maturities	Redemptions	
February 1, 1979	$ 100	$ 4,170	$ 4,265	$ 5	$ 4,170	$ 4,025	$ 150	$ 4,170	$ 4,170	$ 150
July 1, 1979	-	4,170	4,170	-	4,170	4,170	-	4,170	4,170	-
June 1, 1980	3,170	4,170	3,170	4,170	4,170	4,770	3,570	4,170	3,780	3,960
August 1, 1981	-	4,170	4,070	100	-	100	-	-	-	-
November 1, 1981	-	4,170	4,170	-	-	-	-	-	-	-
October 1, 1982	-	-	-	-	4,170	4,170	-	4,170	4,170	-
March 1, 1983	-	-	-	-	4,170	4,170	-	4,170	4,045	125
June 1, 1983	-	-	-	-	4,170	-	4,170	4,170	8,340	-
October 1, 1983	-	-	-	-	-	-	-	4,170	4,170	-
April 1, 1984	-	-	-	-	-	-	-	4,170	4,170	-
March 1, 1985	-	-	-	-	9,265	9,265	-	9,265	9,265	-
July 1, 1985	-	-	-	-	-	-	-	4,685	4,685	-
Halawa Jail Bonds - various	-	14	14	-	14	14	-	14	14	-
	$ 6,711	$ 105,664	$ 95,699	$ 16,676	$ 116,734	$ 121,654	$ 11,756	$ 128,434	$ 133,439	$ 6,751

STATE OF HAWAII

SCHEDULE K-8

SCHEDULE OF CHANGES IN LONG-TERM BONDED INDEBTEDNESS - REVENUE BONDS
LAST THREE FISCAL YEARS

BONDED INDEBTEDNESS, REVENUE BONDS, JUNE 30, 1984		$ 792,413,000
Less revenue bonds matured during the fiscal year ended June 30, 1985		27,432,000
		764,981,000
Add:		
Airports System Revenue Bonds, Series of 1984	65,000,000	
Hawaii Housing Authority, Series A of 1984	100,000,000	
BONDED INDEBTEDNESS, REVENUE BONDS, JUNE 30, 1985		929,981,000
Less revenue bonds matured during the fiscal year ended June 30, 1986		61,047,000
		868,934,000
Add:		
Airports System Revenue Bonds, Series of 1986	35,000,000	
Hawaii Housing Authority, Series A of 1985	30,000,000	
Hawaii Housing Authority, Series A of 1986	40,300,000	
University of Hawaii Revenue Bonds, Series F	1,650,000	
Multi-Family Housing Revenue Bonds	35,800,000	
BONDED INDEBTEDNESS, REVENUE BONDS, JUNE 30, 1986		1,011,684,000
Less revenue bonds matured during the fiscal year ended June 30, 1987		127,149,207
		884,534,793
Add:		
Harbors Capital Improvement Revenue Bonds, Series of 1986	22,500,000	
Hawaii Housing Authority, Series B of 1986	52,425,000	
BONDED INDEBTEDNESS, REVENUE BONDS, JUNE 30, 1987		$ 959,459,793

STATE OF HAWAII

SCHEDULE K-9

SCHEDULE OF REVENUE BONDS OUTSTANDING
LAST THREE FISCAL YEARS

Purpose	Interest Rate	Maturity Date	Amount Outstanding June 30, 1985	Amount Outstanding June 30, 1986	Amount Outstanding June 30, 1987
Harbors, Issue of 1967	5.200%	July 1, 1973/1997	$ 16,765,000	$ 15,695,000	$ 14,575,000
Harbors, Issue of 1978	Various	January 1, 1979/2008	18,800,000	18,450,000	18,075,000
Harbors Capital Improvement Revenue Bonds, Series of 1983	Various	July 1, 1984/2008	23,300,000	22,885,000	22,450,000
Harbors Special Facility Revenue Bonds	Various	September 1, 1983/2013	16,750,000	16,750,000	16,750,000
Harbors Capital Improvement Revenue Bonds, Series of 1986	Various	July 1, 1989/2011	-	-	22,500,000
University of Hawaii	3.500	October 1, 1973/2001	270,000	258,000	246,000
University of Hawaii	3.000	October 1, 1973/1999	160,000	148,000	135,000
University of Hawaii	2.875	April 1, 1974/2000	337,000	319,000	300,000
University of Hawaii	3.000	October 1, 1974/2006	2,300,000	2,225,000	2,145,000
University of Hawaii	9.400	October 1, 1984/1998	3,250,000	3,130,000	3,000,000
University of Hawaii	7.450	October 1, 1988/1991	-	1,650,000	1,650,000
Airports System Revenue Bonds, Series of 1969	Various	July 1, 1972/1994	22,090,000	21,895,000	19,355,000
Airports System Revenue Bonds, Second Series of 1969	Various	July 1, 1972/1994	25,995,000	25,910,000	23,820,000
Airports System Revenue Bonds, Series of 1970	Various	July 1, 1973/1995	12,320,000	12,260,000	11,450,000
Airports System Revenue Bonds, Second Series of 1970	Various	July 1, 1973/1995	16,025,000	15,930,000	14,905,000
Airports System Revenue Bonds, Series of 1971	Various	July 1, 1976/1996	21,985,000	20,375,000	18,035,000
Airports System Revenue Bonds, Second Series of 1971	Various	July 1, 1976/1996	14,555,000	13,685,000	11,910,000
Airports System Revenue Bonds, Series of 1972	Various	July 1, 1977/1997	18,930,000	17,945,000	15,780,000
Airports System Revenue Bonds, Series of 1974	Various	July 1, 1979/1999	17,100,000	16,470,000	15,790,000
Airports System Revenue Bonds, Series of 1975	Various	July 1, 1979/2000	17,300,000	16,730,000	16,110,000
Airports System Revenue Bonds, Series of 1977	Various	July 1, 1978/2003	17,535,000	17,030,000	16,490,000
Airports Special Facility Revenue Bonds	Various	April 1, 1978/2005	10,030,000	9,810,000	9,580,000
Airports System Revenue Bonds, Refunding Series of 1983	Various	July 1, 1984/2008	96,635,000	94,870,000	93,080,000
Airports System Revenue Bonds, Series of 1983	Various	July 1, 1985/2013	50,000,000	49,815,000	49,610,000
Airports System Revenue Bonds, Series of 1984	Various	July 1, 1985/2004	65,000,000	65,000,000	64,750,000
Airports System Revenue Bonds, Series of 1986	Various	July 1, 1989/2004	-	35,000,000	35,000,000
Hawaii Housing Authority, Low Income Housing Bonds	Various	August 1, 1991/2009	34,229,000	32,939,000	31,575,000
Hawaii Housing Authority, Series A of 1980	Various	July 1, 1980/2010	92,365,000	87,980,000	75,130,000
Hawaii Housing Authority, Series B of 1980	Various	December 31, 1980/2010	46,800,000	44,855,000	37,325,000
Hawaii Housing Authority, Series A of 1981	Various	July 1, 1983/1998	12,505,000	11,345,000	7,835,000
Hawaii Housing Authority, Series A of 1982	Various	July 1, 1983/2001	15,680,000	14,715,000	3,610,000
Hawaii Housing Authority, Series A of 1983	Various	July 1, 1984/2013	49,970,000	49,205,000	43,285,000
Hawaii Housing Authority, Series B of 1983	Various	July 1, 1985/2014	30,000,000	29,805,000	26,990,000
Hawaii Housing Authority, Series C of 1983	Various	July 1, 1985/2013	61,000,000	60,505,000	48,375,000
Hawaii Housing Authority, Series A of 1984	Various	July 1, 1985/2016	100,000,000	60,000,000	19,790,000
Hawaii Housing Authority, Series A of 1985	Various	July 1, 1988/2016	-	30,000,000	19,540,000
Hawaii Housing Authority, Series A of 1986	Various	July 1, 1991/2017	-	40,300,000	40,300,000
Hawaii Housing Authority, Series B of 1986	Various	July 1, 1989/2016	-	-	52,425,000
Multi-Family Housing Revenue Bonds	Various	December 1, 1986/1996	-	35,800,000	35,788,793
TOTAL BONDED INDEBTEDNESS, REVENUE BONDS			$ 929,981,000	$ 1,011,684,000	$ 959,459,793

STATE OF HAWAII

SCHEDULE K-10

SCHEDULE OF MATURED REVENUE BONDS OUTSTANDING
LAST THREE FISCAL YEARS

	Matured Bonds Outstanding Beginning Of Year	Maturities	Redemptions	Matured Bonds Outstanding End Of Year
Fiscal year ended June 30, 1985:				
Harbors	$ 715,313	$ 2,440,000	$ 1,809,633	$ 1,345,680
Highways	10,842	-	-	10,842
Airports	63,483	10,560,000	10,608,550	14,933
Airports - Special Facility	135,000	205,000	325,000	15,000
University Projects	-	226,000	226,000	-
Hawaii Housing Authority	-	14,001,000	14,001,000	-
TOTAL	$ 924,638	$ 27,432,000	$ 26,970,183	$ 1,386,455
Fiscal year ended June 30, 1986:				
Harbors	1,345,680	1,835,000	1,279,000	1,901,680
Highways	10,842	-	-	10,842
Airports	14,933	7,555,000	7,491,244	78,689
Airports - Special Facility	15,000	220,000	150,000	85,000
University Projects	-	237,000	237,000	-
Hawaii Housing Authority	-	51,200,000	51,200,000	-
TOTAL	$ 1,386,455	$ 61,047,000	$ 60,357,244	$ 2,076,211
Fiscal year ended June 30, 1987:				
Harbors	1,901,680	1,930,000	3,810,301	21,379
Highways	10,842	-	-	10,842
Airports	78,689	16,830,000	15,783,887	1,124,802
Airports - Special Facility	85,000	230,000	220,000	95,000
University Projects	-	254,000	254,000	-
Hawaii Housing Authority	-	107,905,207	107,905,207	-
TOTAL	$ 2,076,211	$ 127,149,207	$ 127,973,395	$ 1,252,023

SCHEDULE K-11

STATE OF HAWAII

CERTIFICATE OF LEGAL DEBT LIMIT

JUNE 30, 1987

Section 13, Article VII of the State Constitution, as amended by the Constitutional Convention of 1978, states that general obligation bonds may be issued by the State, provided that at the time the bonds are issued, the issuance will not cause the highest total amount of principal and interest payable in the current or any future year on the issuance and on all outstanding general obligation bonds to exceed eighteen and one-half percent of the average of the General Fund revenues of the State in the three fiscal years immediately preceding the issuance. The general obligation bonds subject to this limitation exclude reimbursable and certain other specified bonds.

To the right is the State Director of Finance's Certification dated December 17, 1987, reflecting the calculations evidencing compliance with the constitutional debt limit for the bond issue of December 1, 1987, for $80,000,000.

CERTIFICATE AS TO DEBT LIMIT

I, the undersigned, YUKIO TAKEMOTO, being the duly appointed and acting Director of Finance of the State of Hawaii, do hereby certify with respect to $80,000,000 General Obligation Bonds of 1987, Series BJ of the State of Hawaii (the "Series BJ Bonds"), as follows: (i) the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1985 were $1,439,541,519, the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1986 were $1,569,777,922 and the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1987 were $1,759,104,963 and therefore the average of general fund revenues of the State of Hawaii in the fiscal years ended June 30, 1985, 1986 and 1987 were $1,589,474,801; (ii) eighteen and one-half percent (18-1/2%) of such average is $294,052,838; (iii) the Exhibit on the reverse hereof truly and correctly sets forth (A) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on all general obligation bonds of the State of Hawaii outstanding as of October 1, 1987, (B) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2008 on the Series BJ Bonds, (C) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on general obligation bonds (other than the Series BJ Bonds, except as noted) which may be excluded under Section 13, Article VII of the 1978 Constitution in determining the power of the State to issue general obligation bonds, and (D) the total amount of principal and interest pro forma payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on all outstanding general obligation bonds and the Series BJ Bonds; (iv) as indicated by the Exhibit on the reverse hereof, the greatest total amount of principal and interest payable in any fiscal year on all general obligation bonds of the State of Hawaii outstanding as of October 1, 1987 and on the Series BJ Bonds occurs in the fiscal year ending June 30, 1989 in the amount of $220,594,745; (v) such amount does not exceed eighteen and one-half percent (18-1/2%) of the average general fund revenues of the State in the fiscal years ended June 30, 1985, 1986 and 1987; (vi) as of the date hereof, the State of Hawaii has not incurred any general obligation indebtedness as guarantor of a contingent liability and has not issued any general obligation bonds since October 1, 1987 except for the Series BJ Bonds being delivered to the purchasers thereof on the date hereof.

Done and delivered at New York, New York, this 17th day of December, 1987.

YUKIO TAKEMOTO
Director of Finance
of the State of Hawaii

EXHIBIT

Fiscal year ending June 30	Total amount of principal and interest payable on all general obligation bonds outstanding as of Oct. 1, 1987	Total amount of principal and interest payable on Series BJ Bonds	Principal and interest excludable under Sec. 13, Art. VII Hawaii Constitution	Total amount of principal and interest pro forma payable on all outstanding general obligation bonds and the Series BJ Bonds *
1988	172,658,932	2,819,969	175,478,901	---
1989	247,517,580	5,639,938	32,562,773	220,594,745
1990	242,670,034	5,639,938	31,021,135	217,288,837
1991	231,476,270	9,934,919	29,522,989	211,888,200
1992	219,937,009	9,634,881	27,978,620	201,593,270
1993	205,452,248	9,334,844	25,675,335	189,111,757
1994	187,098,315	9,034,806	23,134,139	172,998,982
1995	173,433,505	8,734,769	21,912,990	160,255,284
1996	161,996,664	8,434,731	20,178,239	150,253,156
1997	139,914,786	8,134,694	15,591,287	132,458,193
1998	125,515,998	7,834,656	14,346,145	119,004,509
1999	107,286,293	7,533,508	13,317,591	101,502,210
2000	97,818,725	7,229,025	11,780,380	93,267,370
2001	84,504,063	6,920,098	9,792,918	81,631,243
2002	79,882,293	6,606,725	9,348,759	77,140,259
2003	61,480,260	6,287,796	7,049,632	60,718,424
2004	58,064,173	5,962,200	6,770,696	57,255,677
2005	26,562,423	5,631,048	3,875,004	28,318,467
2006	20,850,840	5,295,450	3,493,380	22,652,910
2007	11,493,855	4,951,710	3,039,331	13,406,234
2008	2,195,123	4,610,940	2,164,774	4,641,289
2009	1,874,100		1,843,747	30,353
2010	1,879,900		1,849,453	30,447
2011	1,889,550		1,858,947	30,603
2012	947,600		932,253	15,347

* Pro Forma assumes that no exclusions under Section 13 of Article VII of the Constitution will apply to the Series BJ Bonds, except interest on the Series BJ Bonds payable during the current fiscal year. In fact a portion of the proceeds of the Series BJ Bonds is expected to be applied to purposes which will permit exclusion under said Section 13.